INTERNATIONAL LABOUR OFFICE

ADMINISTRATIVE PRACTICE OF SOCIAL INSURANCE

GENEVA
1955
CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTRODUCTION</strong></td>
<td>1</td>
</tr>
<tr>
<td><strong>CHAPTER I. Identification and Registration of Insured Persons</strong></td>
<td>5</td>
</tr>
<tr>
<td>First Registration of Insured Persons</td>
<td>5</td>
</tr>
<tr>
<td>Registration Numbers</td>
<td>7</td>
</tr>
<tr>
<td>Choice of a Numbering System</td>
<td>9</td>
</tr>
<tr>
<td>Duplication and Its Elimination</td>
<td>10</td>
</tr>
<tr>
<td>Identity Documents</td>
<td>11</td>
</tr>
<tr>
<td>Other Aspects of Registration</td>
<td>13</td>
</tr>
<tr>
<td>Re-inscription. Notification of Entering or Leaving Employment and of Other Changes</td>
<td>13</td>
</tr>
<tr>
<td>General Registration or Re-registration</td>
<td>14</td>
</tr>
<tr>
<td>Self-Employed and Casual Workers</td>
<td>15</td>
</tr>
<tr>
<td>Registration of Dependent Relatives</td>
<td>15</td>
</tr>
<tr>
<td>Supervision of Reporting</td>
<td>16</td>
</tr>
<tr>
<td>Insurance Registers</td>
<td>17</td>
</tr>
<tr>
<td>Basic Identification Registers</td>
<td>20</td>
</tr>
<tr>
<td><strong>CHAPTER II. Registration of Employers</strong></td>
<td>22</td>
</tr>
<tr>
<td>Definition of “Employer”</td>
<td>22</td>
</tr>
<tr>
<td>First Registration</td>
<td>23</td>
</tr>
<tr>
<td>Registration Numbers</td>
<td>24</td>
</tr>
<tr>
<td>General Registration or Re-registration</td>
<td>27</td>
</tr>
<tr>
<td>Supervision of Registration</td>
<td>28</td>
</tr>
<tr>
<td>Records relating to Employers</td>
<td>29</td>
</tr>
<tr>
<td><strong>CHAPTER III. Collection of Contributions</strong></td>
<td>32</td>
</tr>
<tr>
<td>Collection Systems in General</td>
<td>32</td>
</tr>
<tr>
<td>Collection by Means of Periodical Rolls</td>
<td>34</td>
</tr>
<tr>
<td>Design of Forms</td>
<td>34</td>
</tr>
<tr>
<td>Period Covered by the Roll</td>
<td>38</td>
</tr>
<tr>
<td>Method of Reception and Payment</td>
<td>38</td>
</tr>
<tr>
<td>Internal Checking of Contribution Rolls</td>
<td>39</td>
</tr>
<tr>
<td>External Checking of Contribution Rolls</td>
<td>40</td>
</tr>
<tr>
<td>Punctuality in Remitting Rolls: Procedure in Case of Delay</td>
<td>41</td>
</tr>
<tr>
<td>Relations between Collection and Accounts Services:</td>
<td></td>
</tr>
<tr>
<td>Employers’ Current Accounts</td>
<td>44</td>
</tr>
<tr>
<td>The Stamp System</td>
<td>46</td>
</tr>
<tr>
<td>Issue, Sale and Affixing of Stamps</td>
<td>48</td>
</tr>
<tr>
<td>Supervision of Employers</td>
<td>51</td>
</tr>
<tr>
<td>Forgery and Fraud and Their Prevention</td>
<td>52</td>
</tr>
<tr>
<td>Handling and Exchange of Stamp Books</td>
<td>53</td>
</tr>
</tbody>
</table>
## IV CONTENTS

<table>
<thead>
<tr>
<th>Chapter IV.</th>
<th>Individual Records of Insured Persons</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Types of Individual Record and Transfer Methods</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>Direct Transfer</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Transfer by Means of Punched Cards</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>General Remarks on Transfer Procedures</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Centralisation or Decentralisation of Individual Records</td>
<td>66</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter V.</th>
<th>Checking Qualifications for Benefit</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance against Short-Term Contingencies</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Normal Handling of Applications for Medical Care</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>Special Cases and Considerations</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Insurance against Long-Term Contingencies</td>
<td>76</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter VI.</th>
<th>Statistics</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistics of Insured Persons</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>Numbers Entering and Leaving Employment</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>Insured Persons in Covered Employment</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>General Registration</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>Registration for Family Insurance</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>Statistics of Employers and of Contributions Collected</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>Statistics of Benefits</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>Short-Term Insurance</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>Pension Insurance and Death Benefits</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>Relationship between Statistics and Accounting</td>
<td>86</td>
<td></td>
</tr>
</tbody>
</table>
INTRODUCTION

The basic principle of social security is now universally accepted and fundamental common standards have been evolved and embodied in the Social Security (Minimum Standards) Convention, 1952, adopted by the International Labour Conference at its 35th Session. However, different administrative methods are applied to give practical effect to the various national systems. As the Director-General of the International Labour Office observed in connection with the adoption of the Convention, the problem in a great many countries today "is not so much one of determining standards as of meeting the practical difficulties that arise in their day-to-day application. It is for this purpose that the I.L.O. is being called upon in increasing measure to render practical and direct assistance in evolving administrative techniques, in simplifying procedures and rendering them more easily comprehensible, and in ensuring that schemes have an adequate actuarial basis."

Since 1952, then, the I.L.O. has been able to concentrate a major part of its activities in the field of social security on administrative aspects, using not only the traditional methods of investigation and documentation but also procedures of established efficacy—technical assistance, close collaboration with the International Social Security Association and the Inter-American Social Security Conference and discussions among experts in social security seminars (most of them held in Latin America), the working documents of which have been of great value in the preparation of the present study.

The study, which contains a detailed description of the administrative practice of social insurance, concerns the classical social contingencies—sickness, maternity, occupational injury, invalidity, old age and death—and deals successively with identification and registration of insured persons, registration of employers, methods of collecting contributions, individual records of insured persons, checking of the general
conditions governing grant of benefits, and statistics as a by-product of good administrative organisation.

There are many possible solutions to the administrative problems of social insurance and the choice of the best depends on a variety of factors that may differ from one country to another. It would not be proper, therefore, to recommend any one technique at the expense of others; and this study presents a series of reasonable solutions accompanied, where appropriate, by brief critical comments. It is hoped that this approach, in addition to laying bare every aspect of each problem, may help the reader to choose the solution best fitted to the case.

For further data and instances of the procedures described in this study, the reader is referred to the following works, the first four published by the International Social Security Association and the last by the Inter-American Social Security Conference:

1. *Collection of Social Insurance Contributions*\(^1\), hereafter referred to as *Collection of Contributions*;
2. *Report on Technical Problems Involved in the Administration of Social Security Schemes*\(^2\), hereafter referred to as *Technical Problems*;

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\(^1\) This report, included in the *Proceedings, Reports and National Monographs, Resolutions and Conclusions*, Ninth General Meeting of the I.S.S.A. (Geneva, General Secretariat, I.L.O., 1950), contains information on eight countries (Austria, Belgium, Czechoslovakia, Denmark, France, Ireland, Italy, and the Netherlands) on the following subjects: statutory provisions respecting contributions, administrative structure for the collection of contributions, registration of employers and employees subject to contribution (including the self-employed and, where relevant, the non-employed), cash liquidation of contribution liability, employer contribution records, contribution reports submitted to the administrative agency, contribution records, special procedures in the case of certain groups, and audit and inspection.


\(^3\) Geneva, General Secretariat, I.L.O., 1951. Containing information on 15 countries (Austria, Belgium, Brazil, Bulgaria, Chile, Colombia, Denmark, France, Israel, Italy, Portugal, Switzerland, United Kingdom, United States, and Venezuela).
(4) Ibid., Part II: *Registration Forms, Insurance Cards, etc.*¹, hereafter referred to as *Registration Forms*;

(5) *Métodos de percepción de las cotizaciones del seguro social en las Américas*², hereafter referred to as *Percepción de cotizaciones*.

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¹ Geneva, General Secretariat, I.L.O., 1951. Containing reproductions of the forms, etc., used in the countries listed in the preceding footnote (with the exception of Austria, Belgium and Israel).

² Geneva, 1952. Containing information on 14 American countries (Argentina, Bolivia, Canada, Chile, Colombia, Dominican Republic, Ecuador, Guatemala, Mexico, Panama, Peru, United States, Uruguay, and Venezuela). The monographs concerning Canada and the United States are in English.
CHAPTER I

IDENTIFICATION AND REGISTRATION
OF INSURED PERSONS

FIRST REGISTRATION OF INSURED PERSONS

When a person first takes up an occupation involving compulsory social insurance, his first formal contact with the insuring institution is generally marked by the process of registration. Usually it is the employer or the worker himself who notifies the institution by entering on a form such particulars about the worker as will enable him to be completely identified.

Insured persons are usually required to supply the following particulars: surname and other names, including maiden name in the case of a married woman (in some countries parents' surnames); date and place of birth, sex and civil status; number of the civil identification document if such a document is issued by the authorities and is compulsory or in general use, or that of the "employment book", if employed persons are required to hold such a book. Usually the worker is required to give the employer evidence of the accuracy of the above data, particularly by showing his identity card or other official document (birth or baptismal certificate, military identity book, passport, etc.). Some institutions also require photographs, and others fingerprints, as additional means of identification.

In addition to personal particulars details are usually required regarding job or occupation, date of engagement, agreed rate and manner of payment.

The form usually asks for the name of the employer or the title of the firm, and the registration number and address.

The registration form is signed by the employer and generally also by the worker.

Of all the possible particulars, only those necessary to permit identification and perhaps to provide a basis for the institution's statistics should be asked for. The internal pro-
cesses of first registration, including the issue of the insurance card or booklet, should be completed in the shortest possible time: failure to act rapidly involves the risk that, before the formalities are concluded, the insured person may have left the service of the employer who had him registered and consequently may not be accessible to the institution for issue of the insurance card or booklet or for clearing up any doubtful point; furthermore, he may have entered the service of another employer thus providing an opening for the dangerous phenomenon of double registration. Consequently, in requiring from insured persons some such additional means of identification as a photograph or fingerprints, the institution should weigh its necessity or utility against the additional cost it may involve to the institution or the persons concerned and against its inconvenience (i.e., whether it will unduly impede or prolong the registration process and other relevant formalities). In addition, if fingerprints are taken each new insured person will have to visit the institution's offices or travelling personnel will have to be sent to employing establishments; and specially trained personnel will be needed for the subsequent use of the fingerprints.

For some social insurance institutions difficulties of communication, the sparsity of the population, ignorance of the objects of social insurance, illiteracy and similar factors convert the task of identifying insured persons into one of major administrative difficulty such as may seriously affect the practical application of the scheme. Institutions in this position should reduce the particulars collected for identification to the indispensable minimum (even if this involves doing without data of statistical value); but they must absolutely insist on provision of these few data and must demand rapid submission of the completed forms. Furthermore, they will be obliged to take positive action to spread information about social insurance and understanding of its meaning and of the administrative procedures it requires. If a reasonable degree of discipline and co-operation on the part of employers and insured persons cannot be obtained, the institution will, for instance, find itself learning of the existence of a new employee—presumably an uninsured person—only through the employer’s failure to indicate the “insurance number” in his statement of contributions; as the full name of the worker is not a sufficient
indication by itself, such a person is usually registered provisionally as if he were a newcomer to the scheme, in the hope of subsequent further information, which in many cases fails to arrive at all. This may lead to double registration, which affects all the records of the institution, particularly the individual accounts, with the risk that the administration of the scheme will be turned into a chaotic mass of cards and documents without any practical value.

As a rule the employer is required to transmit the entry form (application for registration) to the insurance institution, but the insured person has the right to register himself if the employer fails to do so. There are also schemes—for instance, those which use the stamp payment system—where the obligation to register falls directly on the insured person. This is naturally the rule for self-employed persons, and under some schemes also applies to casual workers and persons with several employers.\(^1\)

Usually it is the duty of the institution's local offices, if any, to receive the registration forms of new insured persons. But these same offices may also carry out the actual registration process or transmit the forms to a regional or central office. What duties are assigned to the regional or local offices in this connection depends to a large extent on the effective possibility of rapid communication between them and the central office.

In countries where there are several social insurance institutions handling separate risks or groups of risks, the registration of new insured persons may be carried out by one of these (the sickness and maternity insurance, for instance) or by a special central office.

**Registration Numbers**

When the competent service of the institution has received the request for registration and confirmed that the worker in question is really a newcomer to the scheme, it first assigns him a registration number or "insurance number". This operation has two objects: (a) to distinguish the particular person for social insurance purposes—there should accordingly be only one number for each insured person and only one insured

\(^1\) See below, p. 15.
person to each number; (b) to facilitate other administrative operations regarding insured persons, and particularly the handling of registers and card indexes, typing and the compilation of statistics if any.

The registration number may be a simple serial, following the chronological order of registrations. If these are done by local or regional offices, the numbers available are usually divided into groups and a group allotted to each region in accordance with the probable number of registrations to be made there; another method is to add to the serial number one or more digits indicating the region, in which case each region follows a separate chronological enumeration.

This latter method really belongs to a different system, that of code or part-code registration numbers: the individual's number is composed of groups of digits, each group or digit representing a particular datum that is of importance for social insurance purposes; if necessary, a chronological serial number may be added to distinguish several insured persons with identical codes. As a general rule, the code number will express one or more of the following data: year of birth (sometimes the month also); place of birth; sex; year of first registration (i.e., of first entry into the insurance scheme); place of work at date of registration; local or regional office which undertook the registration. There is also an alphabetical coding system under which the arrangement of insured persons according to their registration numbers automatically produces a strictly alphabetical arrangement by surnames and given names—i.e., there is no difference between the numerical and the alphabetical classification of a given person. However, this last system involves the risk that, after a period, it will be impossible to insert new numbers such as would preserve the exact alphabetical order; furthermore, it is difficult to keep a check on the numbers already issued.

The system of combining digits with one or more letters to form the registration number is also found, but is not common.

Some institutions assign registration numbers to insured persons on a chronological basis, but also allot code numbers for their own internal (statistical) use.

Choice of a Numbering System

When an institution intends to establish a system of registration numbers, it must first thoroughly examine all its administrative operations and have regard at the same time to the two following requirements:

(a) the registration number must be as short and simple as possible, so that it may be conveniently used by employers and insured persons and also so as to reduce the internal work of the institution and diminish the possibility of errors in operations where the numbers are used;

(b) nevertheless, it must contain all the elements required for rapid, accurate identification of insured persons and for the necessary statistical work.

The purely chronological series is used with good results in institutions where the number of insured persons is small. Larger institutions prefer a system of code or part-code numbers, and select—among the various possibilities mentioned above—the type of code best suited to the particular circumstances of the country or institution and to their statistical requirements.

Any numbering arrangement adopted must make allowance for the future development of the institution, especially in schemes whose scope is to be gradually extended, either geographically or as regards the groups of persons included or the contingencies covered. The adoption of an unsuitable system may involve one of the most serious administrative difficulties that a social insurance institution can encounter—the necessity for completely changing its system of registration numbers, with all the consequences in confusion, duplication and hindrance to basic administrative operations.

In the same way the question whether the allocation of registration numbers should be carried out by a central office or left to local or regional offices must be considered with regard to all its administrative effects: if the latter course is chosen, provision must first be made for the necessary co-ordination between the local and central offices, and the danger of duplication must be excluded in advance. There are institutions where numbers are allotted independently in each region and the insured person obtains a new number when he moves
from one region to another; but this is the exception and it is generally agreed that there should be a single numbering system and that the registration number, once allotted, should accompany the insured person throughout his whole life as such.

However, if the allocation of the registration number is the task of a central office, the local or regional offices must be promptly notified of the numbers allotted to the insured persons for whom they are responsible.

**Duplication and Its Elimination**

There are two possible types of duplication: a single registration number may be allotted to two or several insured persons; and, more frequently, an insured person may in course of time obtain more than one registration number. Such occurrences may have undesirable effects on the individual accounts of the insured persons and on the issue of benefits. Indeed, duplications can be so frequent as to render the statistics derived from registration figures useless for the financial and actuarial supervision of the scheme.

The first type of duplication may be avoided, under systems where code arrangements are not used or where they are very simple, by printing the registration number in advance on the principal relevant documents (the insurance card or booklet, for instance); it may also be avoided under any system by keeping a special control register (book, card-index or loose-leaf file) of the numbers issued. Duplications that have already occurred may be discovered fairly easily by means of a numerical register or card index.

It is more difficult to avoid the second type of duplication (double registration of an individual), particularly when there is a lack of interest or co-operation on the part of employers and employed persons. Nevertheless, it is possible to bring such occurrences within reasonable limits if each notification of entry of a worker is examined with the aid of a general alphabetical index or other appropriate central register; it may be ascertained in this way whether the notification relates to a person who has already been registered or really to a newcomer. Such internal operations should be done early enough to enable additional information to be obtained if necessary.
from the employers or insured persons concerned. It will be especially difficult to avoid duplications or to eliminate those that have occurred if the allocation of registration numbers has been entrusted to local or regional offices. Here again, reference may be made to the importance of efficient, rapid communication and co-ordination between such offices and the central office: the latter should have a general register, which must be kept up to date.

If, despite preventive action, duplication has occurred, it may generally be discovered and corrected as soon as the insured person makes his first application for benefit.

**Identity Documents**

Institutions that allot a personal registration number to each insured person send him—directly or through his employer—a document that both communicates the allotted number and attests the registration. Possession of this document enables the holder to identify himself as an insured person if he should change his job or place of residence and also serves as principal evidence of his quality as such whenever he applies for benefit.

The form and the size of the identity document may vary from a substantial book to a simple card or disc. The choice depends on how contributions are collected, whether the scheme only covers short-term or also long-term risks, whether the structure of the institution is predominantly centralised or local, and whether identity documents are issued by other authorities.

The principal data specified in the document, whatever its form, are usually as follows: full name, place and date of birth, registration number and date of issue; if each citizen holds an official personal document, such as the identity card, it is highly advisable also to indicate the number of this. There has been much discussion regarding the advisability, or the reverse, of including a photograph or fingerprints in order to prove that the bearer of the document is indeed the person whose name appears in it. Reference may be made to the remarks on this subject in the first section of the present chapter; it should be remembered also that a photograph is not reliable beyond a limited period and must therefore be replaced at regular intervals—with the identity document itself. Some
institutions adopt a flexible system: they leave space for a photograph but do not require this to be filled if the insured person has some other identity document, with photograph, issued by a competent authority (of course the number of this latter document will be noted on the social insurance book or card). If he has no such other official document, the insured person is required to supply a photograph for insertion in the social insurance book or card when he makes his first claim for benefit.

The social insurance identity document may have one of the following forms:

(a) It may be a simple card, containing nothing but the basic personal particulars indicated above and carried by the insured person throughout his life as such. The card should either be of strong material or be specially protected against wear and tear; it should also be of such a size that the insured person can easily carry it about with him. In order to prevent damage, some institutions replace the card by a metal disc, similar to those frequently used in national armed services.

(b) The document may also take the form of a booklet. In this case, apart from the personal particulars, it should contain a sufficient number of pages for the worker’s consecutive or simultaneous employers to be able to certify the dates at which he has entered or left their service: the insurance booklet thus becomes a kind of employment book and is of undoubted value for the checking of continued coverage, particularly in case of long-term insurance. The entries made by the employer sometimes include an indication of the wages received. The instructions given to insured persons must stress their obligation to submit the booklet to the employer both immediately on taking up a new job and also on leaving, so that the appropriate entries may be made. Some institutions also include pages for recording the benefits the worker has received (sometimes the more substantial benefits or the cash payments only). Before deciding on the size of the booklet, the institution should reflect whether each of the possible particulars is really necessary or useful, whether its regular inscription should be required of employers or of the institution’s own services (having regard to the additional work this will imply in either case), and finally whether the inclusion of certain data may make it necessary
to change the booklets frequently, which is undesirable, or may render them too bulky.

(c) In cases where social insurance contributions are collected by the stamp system the worker’s stamp book often replaces a special identity document. However, since this book must be periodically changed, some institutions prefer to issue the insured person with an additional, permanent identity document, which will in this case be a simple card.

(d) Reference should also be made to the special case of institutions that use booklets containing detachable coupons, pre-printed with the insured person’s registration number. When he pays the periodical contributions the employer removes the corresponding coupons from his employees’ insurance books, marks the period and the amount of the contribution on each, and makes up his contribution sheet with the whole batch of coupons detached on each occasion.

When no special identity document is issued by the social insurance institution, the civil identity cards or employment books issued by other authorities are generally used.

The social insurance book or card is usually issued by the service responsible for allotting the registration numbers. In the case of a booklet, it is advisable to provide for duplication of the first page, which will contain the personal particulars and registration number. The copy of this page may be detached from the book and transmitted to the central office for its records if registration is done by a local office, and vice versa.

Other Aspects of Registration

Re-inscription. Notification of Entering or Leaving Employment and of Other Changes

In the preceding sections stress has been laid chiefly on the registration of persons entering a social insurance scheme for the first time. When a worker who is already insured leaves one employer and (immediately or after a period) enters the service of another, he is usually reported afresh to the insurance institution. As a rule the institution requires employers to notify it of the engagement and departure of workers already

1 See Chapter III.
2 See National Monographs, p. 70.
registered; these movements are noted in the insured person's individual record. Such notifications may be made on special forms, either individual or collective, or on the contribution rolls if contributions are collected through the employer. However, if a worker, when entering an employer’s service, cannot submit his social insurance card or booklet, it is advisable to require in any case—even if the worker claims to have already been registered—that a complete individual notification of entry be made so that the institution can identify the worker exactly, either as a new insured person or as one who has already been registered.

It should be noted in passing that some institutions require employers to notify them similarly of any modification in a worker's insurable wage, of any periods of sickness or other absences without pay, and of any change in the permanent position of the worker which may have a direct bearing on his insurance.

On the other hand, many institutions which have established the stamp system for collection of contributions seldom require the employer to make any notification at all except on engaging a worker who has no stamp book.

**General Registration or Re-registration**

Reference has been made hitherto in this chapter to the ordinary case of individual registration or reporting of insured persons under an existing scheme. Brief mention must also be made of the case of general registration of insured persons prior to initiation of a new scheme or when an existing scheme is to be extended geographically or to additional classes of persons, and of the case of re-registration of all insured persons when a scheme is to be substantially reformed. In the formal sense there is little difference between these procedures and those discussed above: the special problem is essentially one of volume, for it consists in completing in a sufficiently short time all the administrative tasks connected with registration—allocation of numbers, issue of insurance cards or booklets, opening of the appropriate accounts or registers, etc. For this reason, any such large-scale registration or re-registration must be prepared in great detail beforehand, and the possibility of applying it by stages should also be examined.
Self-Employed and Casual Workers

If the social insurance scheme extends—on a compulsory or voluntary basis—to self-employed workers, the obligations otherwise incumbent on the employer have to be performed by the workers themselves, who must notify their entry into the scheme and any change that may affect their position as insured persons. Frequently, the trade organisations representing groups of self-employed workers assume such “employer” functions as well as those of collecting and transmitting contributions, and the same often applies to groups of casual workers, such as dockers, who are generally well organised. If this course is possible, it may make administration of the insurance scheme considerably easier, since the workers’ organisations are usually concerned to carry out the above-mentioned tasks punctually and efficiently. In some countries certain groups of self-employed workers are entitled to the help of the appropriate public service (the road traffic authority in the case of drivers, for instance).

Apart from the particular difficulty of checking the insurance situation of each self-employed worker and apart—perhaps—from the advisability of making special contribution and benefit arrangements for such persons, their registration and other formalities will be carried out as in the case of employed persons.

Registration of Dependent Relatives

Institutions applying sickness and maternity schemes on a family basis generally consider it necessary to register also the members of the insured person’s family who are entitled to benefit. Some institutions record particulars of such family members simultaneously with those of the insured person, using the same entry form; others prefer to register members of the family by a separate administrative procedure, and accordingly use a different entry form.

The following are the data generally required in either case: full name, date of birth, relationship. As a rule documentary proof of relationship and age (the latter determining a son’s or daughter’s right to benefit) must be provided in the form of a marriage certificate or birth or baptismal certificate, as the case may be. In some countries, if the insured person is
not legally married, a woman cohabiting with him is treated as his wife: this gives rise to the problem of proving that the relationship has existed for some specified minimum period—a delicate task, since cohabitation is not defined and recognised by law. Proof will be relatively easy if there are legally recognised children of the union, but in other cases the institution will be obliged to accept testimony that may be of very doubtful value. In this regard a welfare service and the local police or other authority may be of great help, particularly in small places.

It is not usual to allot special registration numbers to members of the family: as a rule, all the relevant documents bear the registration number of the insured person himself. Some institutions issue a family card or booklet to the group of relatives who are entitled to benefit. Others include the names of family members in the insured person's own booklet, where in many cases data regarding the benefit received are also entered.¹

Among the institutions that do not apply sickness and maternity insurance but pay benefit to dependants on the death of the family breadwinner, some make mandatory provision for the previous registration of such dependants. These institutions should weigh the real value (including the statistical utility) of registering family members against the doubtful administrative value of such registration if it is not compulsorily and systematically supplemented by notification of any change in the composition of the family group (which is usually difficult to obtain).

Supervision of Reporting

Supervision of compliance by employers with the obligation to report their workers to the insurance institution is normally carried out by the latter's own inspectors as part of the general supervision of employers. Laws or regulations usually provide that fines shall be imposed on employers who do not comply with these obligations, and that the employer shall be financially liable for the consequences of failure to report—i.e., for the cost of any benefit the worker

¹ Other aspects of recognition of family members as persons entitled to benefit are referred to in Chapter V.
or members of his family would have been entitled to if properly registered by the employer. It may be observed here that the employer has a similar liability if he reports the worker but does not pay the contributions in due time or does not pay them fully: in such cases the laws or regulations usually lay down that the institution may itself provide the benefits but will charge them to the employer and may enforce payment through court action if necessary.

Direct action by the workers themselves or by their organisations provides another efficient means of supervision. In such cases the institution should proceed with caution so as not to prejudice the position of the worker making the complaint. In this connection the importance of an effective publicity campaign by social insurance institutions cannot be over-emphasised, since the best supervision consists in conviction on the employer's and the employee's part that social insurance is necessary and carries with it material advantages of a direct or indirect character.

The regulations governing the whole notification procedure should be brought to the attention of employers and workers alike and should contain explicit instructions on how and when the notification form must be completed, the data it must contain, the period prescribed for its transmission, the penalties in case of failure to comply with these rules, the use of the registration number and of the insurance card or booklet, the insured person's obligation to submit this to each new employer, and similar matters.

Insurance Registers

The process of notification and registration, and the need to maintain the identification of every insured person, make it indispensable to open certain records and to keep these up to date. It will be useful first of all to mention some of the possible types of registers and to state certain principles that may determine their establishment, and then to describe briefly the chief records used for the registration and identification of insured persons. This section will not deal with the basic card index containing the individual accounts of insured persons; the form of that type of record depends essentially on

1 See Technical Problems, pp. 16-26.
the contribution and benefit arrangements and will be examined separately.¹

When the whole system of records required by an institution for the permanent identification of insured persons is being planned, regard must of course be had to the general and particular aims of the institution and to its structure (whether centralised or decentralised); but special attention should also be given to the following points:

(a) The type of register required will depend on whether the system provides short-term or long-term benefits, or both.

(b) Any future development of the system to embrace new geographical areas, categories of persons or contingencies will affect the registers, which should be established in such a way that an expansion of this kind will not necessitate total transformation of existing records at each stage and that development is facilitated.

(c) The registers should allow for the number of insured persons, the speed of employment turnover, and other characteristics of the environment and the insured population.

(d) Only essential data should be recorded. Duplication should be avoided, but indispensable cross-references maintained.

Administrative technique has evolved a great variety of types of record in addition to the usual registers, card indexes and the like: registers in which the particulars for each insured person are written on narrow strips of card, which are then assembled in panels and suspended so that they can be consulted like the pages of a book; files consisting of cards attached to revolving drums; Kardex or similar types of card files permitting visual control, like all the foregoing; punched cards, which can be sorted, classified and reproduced mechanically; "addressograph" plates; and microfilm recording. The choice of the most suitable system will depend mainly on the following factors:

(a) Whether the register is to contain constant and quasi-constant data (a person’s marital status, for instance, is a quasi-constant particular) or is also to include variable data. In

¹ See Chapter IV.
the latter case account must be taken of the volume of data that may be expected on a single insured person in the period to be covered by the card or slip.

(b) The principle by which the information in the register will be classified (in numerical or alphabetical order, by age groups, sex, region, economic activity, or order of employers).

(c) The frequency with which new cards will have to be inserted within a given group. This frequency will be high in the case of alphabetical classification, whereas under some numerical classifications insertion will be altogether replaced by gradual addition to existing groups.

For constant data it may be advisable to use the above-mentioned system of strip and panel or some other method with which the records for a large quantity of insured persons can be kept in a relatively small space and the particulars of a given person rapidly found. In the case of cards on which entries have to be made periodically (dates of taking up and leaving employment, for instance) the Kardex or other visible system may be suitable; these permit the rapid identification of each card, but their utility may be reduced if additional cards have to be inserted frequently.

Some institutions with small numbers of insured persons still successfully use a rudimentary system of plain cards kept in boxes or drawers, with indicator tabs to enable a given card to be rapidly found.

Punched cards for mechanical sorting may be used for many different purposes—to form independent indexes, or to supplement a non-mechanical register; as a means of producing auxiliary indexes arranged in widely different ways (by registration numbers, in alphabetical order, by order of employers, by region, etc.); as a means of transferring data from one register to another; and lastly as a means of obtaining the principal statistics based on registration and continued identification of insured persons.

If simple cards are used, it will have to be decided how large they should be, bearing in mind the function they are to perform in each particular case. They may be small if only a few simple particulars have to be recorded. In other cases, if they are too small and have to contain many particulars, they will have to be replaced frequently or the entries
will have to be made in very small (and hence less distinct) writing. If, on the other hand, the cards are too large, the records will take up too much space and the cards, equipment and the space itself will be a high item of expense.

Finally, the records must be handled only by trained records clerks, who will extract any information that may be required by other services. If a card has to be transmitted to another service, it should provisionally be replaced by a slip of a different colour bearing sufficient data to identify the original card.

*Basic Identification Registers*

The following paragraphs relate in particular to the registers or card indexes by means of which each insured person can be identified. As a general rule there will be at least two of these, established in numerical and alphabetical order respectively.

If the registration numbers belong to a chronological series, or are only partly coded, the numerical register may take the form of a book or loose-leaf file, each leaf covering a group of numbers (this same register will have been used, as described above, for the systematic recording of registration numbers); in other cases the system of individual strips may be used (provided that the register is to contain only the invariable particulars of insured persons). Where, on the other hand, the register is to contain variable data, one of the above-mentioned forms of card index must be used. In big institutions it is usual to punch a machine card for each new insured person; these cards are kept in numerical order with the advantage (already mentioned) that auxiliary indexes and statistics can be compiled mechanically.

The alphabetical index is indispensable in order to check whether workers entering the service of an employer have already been registered or are newcomers to the scheme; it is also indispensable whenever for any reason the registration number of an insured person is not known and must be discovered. It will have to contain all data required to identify a person completely, as well as his social insurance registration number. In doubtful cases reference slips must be inserted: for a married woman, for instance, one slip will be placed alphabetically under her maiden name and another under her married name.
In cases where the institution follows the movements of each worker, noting the dates of starting and stopping work, the respective employers' numbers and sometimes particulars of the job also, these entries will be made on cards arranged either in numerical or in alphabetical order. The latter procedure will be followed if the institution considers that such information is necessary or useful, not only for supervisory and statistical purposes but also as an aid to correct identification of the insured person.

If an institution has a decentralised structure, it will often be for the local offices to open and maintain the various registers. As a rule, these local offices will send either duplicates of the cards, or lists of entries, departures and other changes, to the central office so that the general registers may be kept up to date. However, there are also instances of the inverse procedure, by which the central office undertakes the whole procedure of registration and recording, and transmits the necessary duplicate cards to the local offices.

In any case, there must be perfect co-ordination and arrangements for rapid two-way communication. The same need arises, as stated above, when there are in a given country several institutions applying various branches of social insurance and one of these undertakes all the work connected with identification.

Lastly, a few rare institutions do not register the insured persons at all and keep no records of the kind described. These include institutions providing employment injury compensation by the classical method of employers' insurance.
CHAPTER II

REGISTRATION OF EMPLOYERS

An insured person does not usually have any direct contact with the insurance institution until he makes a claim for benefit. It is through the employer that the whole scheme is administered: he has to notify the institution when a worker enters or leaves his services and to make a periodical remittance of contributions—both his own and those of his employees. There is thus compulsory, permanent contact between the insurance institution and employers and their mutual relations must be duly regulated; hence all employers affected by the scheme must be registered at the institution, and a record relating to each of them must be kept.

Needless to say identification of employers does not give rise to such difficulties as identification of the insured persons. Most employers are clearly identified individuals or firms that require a special permit from a competent authority in order to be able to carry on their business at all. Furthermore, many of the details regarding their registration are similar to those described in Chapter I and the corresponding part of the present chapter can therefore be shorter; but some repetitions are unavoidable if a complete picture is to be given of every aspect of employers’ registration.

Definition of “Employer”

When laying down the obligation of employers to register under a given social insurance scheme, the relevant law or regulations must exactly define what is meant by an employer for this purpose. Difficulties of application arise, however, in certain special cases, with regard to contractors, sub-contractors, etc., whose situation is intermediate between that of employer and employee. A person in such a category will be regarded as an employer or as an employed person, for the purpose of all social insurance obligations, according to his
degree of independence and to the financial risk inherent in his activity. In some instances the legislation has regard also to numerical criteria such as the number of workers under a contractor's or sub-contractor's orders, or—in the particular case of smallholders under agricultural workers' insurance—the extent of the land worked. In at least one case, under the insurance scheme covering agricultural workers, the obligations of an employer must be assumed by the landowner as such, whether or not he has farm servants or labourers working for him. There are often special rules to govern building jobs: in some cases the construction firm, and in others the owner of the site or building, is regarded as the employer.

Although it is not possible to lay down a universal criterion by which the employer is or should be defined in the above circumstances, two general rules may nevertheless be distinguished: in every case it must be for the insurance institution to decide whether a given person shall or shall not be regarded as an employer; and, where the contractor or sub-contractor has been declared to be the employer, the principal employer must be jointly responsible.

First Registration

A special form must be filled in by an employer registering for the first time under an existing scheme, showing the employer's full name or the title of the undertaking, the status of the firm under company law, the type of activity in which it is engaged, the date at which it began to operate, the name or names of the person or persons legally representing or responsible for it, the relevant addresses, any branches or agencies it may have (or, conversely, particulars of the central company if the "employer" is itself a branch or agency), and often the number of persons employed. If the insurance institution provides insurance against occupational risks on the basis of rates varying with the risk rating, the form will also include additional questions calculated to determine the risk class in which an employer will be required to contribute; this task will be easier to perform if the institution has a full official list of all the branches of industry to which each class of risk applies, for the employer will then merely have to indicate the appropriate branch or class.
The registration of a new employer is usually made to coincide with that of his personnel: either he is required to attach to his registration form a detailed nominal roll (or individual registration cards) of his employees, or the latter are registered—at the latest—when the employer's first contribution roll reaches the institution.

Registration is usually carried out by the employer himself at the appropriate administrative office of the institution. Sometimes, however, a "request for registration" has first to be made; in this case an inspector is sent to register the employer, so that the process may be conducted in a proper and uniform manner and the employer may be given information on his general obligations towards the insurance institution and on how to carry them out.

The process of registration, and the consequent opening of principal and auxiliary registers, may be carried out by the central office (to which all the registration forms will then be sent) or by a local office. The choice of method will depend on the degree of independence of the branches, the difficulty of finding trained personnel for all offices, the precise object of the employers' register and similar factors. It should be noted, however, that all contacts with employers, including the collection of contributions, may without inconsistency be maintained through local or branch offices, even where insured persons are registered and their records kept by the central office of the insurance institution.

Each employer's registration must be supplemented by notification to the institution of any important change in this regard—alteration in name or address of firm, amalgamation, or change, suspension, resumption or termination of activity.

Registration Numbers

Usually a registration number is assigned to each employer, and he is obliged to use it in all documents relating to social insurance. This is not so much a means of identification as it is a means of facilitating certain operations, particularly the work connected with registers and indexes of employers, punched cards, the mention of the employer on insured persons' records, and the compilation of statistics.

A distinction must be made between two principal methods
of numbering: a simple method by which each employer is allotted a serial number in chronological order of registration; and a more complicated method, by which each employer's number contains a code element. The code registration number may be used for one or both of the following purposes among others: to indicate a geographical classification, the code element referring in a pre-arranged way to the province or other territorial unit or to the local office of the area in which the establishment is situated; and to indicate an occupational classification, a second code element referring to the type of industry or occupation in which the employer is engaged. Apart from the above, the employer's number will also contain a serial element (a separate series for each type of activity and district or locality). Once a system of geographical code numbers has been evolved to suit the social insurance institution in question the task of allotting the employer's registration numbers can be left to the local offices without fear of duplication. Institutions that use no direct coding, usually divide the numbers available for registration into groups and allot a group to each territorial unit or local office: even this, of course, constitutes a type of geographical code system.

As regards code numbers allotted by type of activity the international standard classification adopted by the Economic and Social Council of the United Nations at its Seventh Session on 27 August 19481, and also included in the Social Security (Minimum Standards) Convention, 1952, has been introduced nearly everywhere.

Some institutions that do not issue coded registration numbers nevertheless employ numerical codes for their internal purposes, statistical or other. However, this half-measure may lead to duplication of work and provide additional sources of error.

Reference should be made here to a problem which, though not directly related to the method of numbering, arises particularly under a system of code classification by geographical areas and industries or occupations. This is the problem of appropriately defining the "establishment" for the purpose

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of registration and to serve as a basis for all recording of information on employers.

Usually the "employer" or the "undertaking" is identical with the "establishment" to which social insurance administration and statistics relate; but quite often an undertaking owned by an individual or a company possesses several establishments—factories, warehouses, etc.—in different places or belonging to different types of activity. It will usually be best to allot a different registration number to each establishment; different personal accounts and other records will also be opened (though of course cross-references will be inserted in the appropriate places), and it will be necessary to require separate preparation of the contribution rolls. There are several reasons for this: sickness and maternity insurance is applied on a local basis, and separate rolls for each locality must therefore be available; furthermore, it is necessary to note the number of establishments and of insured persons belonging to each occupation in each area, both for general statistical purposes and for particular statistical inquiries relating to the incidence of diseases, accidents, invalidity, etc.

The above, however, does not hold good in all cases. If, for example, a mine has a power station attached for its own purposes and a trucking and general transport department exclusively serving the mine, all these together will be regarded as being attached to a principal activity and will constitute a single "establishment"; its registration number will therefore be that appropriate to the principal activity, namely mining.

In order to ensure that the same number is not allotted to two employers and that no number is omitted from the series, it is usual to keep a special register; if, in addition to serial numbers, code numbers are used, a separate part must be opened for each area and type of activity classified. The last serial number allotted will indicate the number of employers registered (in the area or type of activity if there is a code element).

Although the winding up of some establishments may leave registration numbers "free", for quite obvious reasons it will be inadvisable to allot these numbers to other employers.

Once the employer's number has been fixed, the institu-
tion will inform him by special notice, which will also provide the employer with evidence that he is duly registered.

It may also be pointed out that, for the reasons already stated, a change in the system of employers' registration numbers, will not give rise to such difficulty as a general change in the corresponding system for insured persons. As a safeguard, however, the old numbers should be maintained in the registers along with the new ones, as a means of referring to all previous records of the employers in question.

**General Registration or Re-registration**

The general registration of employers (when a social insurance scheme is first introduced in a country or a given area or is first applied to a certain class of employer) or general re-registration (when a substantial reform of the scheme or of its administrative organisation makes this necessary or advisable) will differ little in a formal sense from the individual registration described in the preceding section. General registration is usually effected by means of a census taken by the officials (inspectors) of the insurance institution or—if its own services are not yet fully organised—with the aid of officials of the Ministry of Labour or other appropriate authority. However, the fact that an employer has not been covered by this census does not as a rule release him from the obligation to register with the competent body.

Although general registration of employers may be combined with general registration of their employees, it need not be in all cases. If employers are being registered before effective introduction of the insurance scheme for their employees, simultaneous registration of the latter is not necessary. Even where this is not the case, however, administrative reasons (for example, the difficulty of carrying out the two registration processes at the same time) may make it advisable to postpone the registration of insured persons until that of the employers is complete, or to restrict it to the submission of nominal rolls by each establishment; such rolls, with a few appropriate data, may enable actuarial estimates to be made regarding the future insurance scheme (or an existing scheme that is to be reformed).
The aim of supervision is to ascertain that every person having one or more insurable employees is effectively registered and that the registration has been made in due form and by the required date. Under most schemes this supervision is exercised by the institution's own corps of inspectors.

Greater use could probably be made of the services of other public authorities for checking the registration of employers. Most countries have special inspection services (generally under the Ministry of Labour) for supervision of compliance with labour legislation in general and, since the work of these services relates to or includes the very employers who are covered by social insurance, closer collaboration would be to the advantage of both institutions. Furthermore, valuable supervisory facilities might be provided by the authorities responsible for the collection of certain taxes, or for registration of land or of irrigation rights (in the case of agricultural workers' insurance), or for the issue of permits or licences to persons wishing to open workshops, businesses, construction undertakings, etc. The social insurance institute might arrange for these authorities to notify it periodically of all new entries or issues of licences. In some countries, indeed, the stage has been reached at which the competent authority will not issue a licence to engage in commercial or industrial activity, a permit to undertake a transfer, amalgamation or liquidation, or a certificate of compliance with fiscal obligations, etc., unless the applicant submits evidence of registration with the social insurance institution or proof that he is not in arrears with his payments of contributions, as the case may be.

To make such co-operation easier it is advisable for the institutions concerned to agree to use identical or similar registers, indexes, coding systems, statistical procedures, etc.

Other methods of external supervision that may be mentioned are: the systematic examination of official announcements regarding the opening, amalgamation and liquidation of businesses of any kind; and complaints made by workers, either directly or through their trade organisations.

As in the case of insured persons, the rules governing the registration of employers should include a definition and a delimitation of the classes of persons required to register as
employers, the manner in which and the period during which they must so register, and the penalties and liabilities of em­ployers in case of non-compliance.

**RECORDS RELATING TO EMPLOYERS**

Two main types of records relating to employers are used—

(a) Indexes of employers, containing only the constant data indispensable for identifying each employer, can be arranged in alphabetical or numerical order, by type of activ­ity, addresses, etc. The various indexes required in a given institution may be standardised. Indeed, if punched cards are used, it is easy to produce as many indexes as are desired, since the cards can be arranged in the appropriate order by a mechanical operation. Of the possible classifications an alphabetical index is indispensable for the purpose of finding an employer whose registration number is not known.

(b) An employers’ basic register, containing the insurance record of each employer, is used in almost all institutions. In some cases this basic register is not intended to be more than a record of contributions for supervisory purposes, and only the principal data regarding each effective payment are noted (e.g., date of remittance, period to which it applies, number of workers contributing and total contribu­tions or insurable wages). In other institutions, the basic register is also used for accountancy, the contributions due being posted as debits and contributions paid as credits. The basic register usually allows additional spaces for the recording of special administrative data regarding the employer in ques­tion (penalties imposed, orders complied with, etc.).

Institutions with a decentralised structure usually have the employers’ basic register appropriately broken down by localities or regions, particularly if the local or regional offices are also the collecting agents. In such cases there is often also an auxiliary central register. Conversely, if the basic records are at the centre, an auxiliary register of the employers in the area should be kept at the local or regional office for supervisory

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1 For further details see the section dealing with records in Chapter I.
2 For further details regarding the use of the basic register in the collection of contributions see Chapter III.
purposes. Let it be said once more that good co-ordination
and mutual communication between the local or regional and
central registers are indispensable.

The basic register is almost always numerically arranged.
Here again, the advantages of the coding system described
above are evident, since arrangement of the registration num­
bers in the register automatically produces a subdivision by
areas or by types of activity or both. In particular, geographical
arrangement may facilitate co-ordination between the local or
regional and the central register.

Both the basic register and any auxiliary indexes must
be constantly “pruned” by removal of the cards representing
establishments that have ceased to exist or have suspended
operations (though it may be appropriate to keep these cards
in the active register for a time, in case there is any new devel­
opment, distinguishing them by some special mark).

In institutions equipped with tabulating machines, an
employers’ register composed of punched cards may do very
useful service for small effort and low cost. Such registers
may be either “static” or “dynamic”. In the former case
a card will be included to record all the constant particulars
regarding each employer registered (with an additional card
for the address, if desired). In this way it is possible to establish
not only general lists of active employers, but lists of all those
operating in specified areas or types of activity. Frequently,
addressograph plates are similarly used to print the addresses
on notices and circulars for employers.

The mechanical register can perform greater service if
it is “dynamic”. Here, too, there is one punched card for
each employer, but in addition to the constant particulars
serving to identify him, it will also contain the chief data, which
are generally variable, regarding his last payment of contribu­
tions, the period to which it applied, the number of workers
insured and the amount of insurable wages. The card will
thus always show the last known situation of the employer in
relation to the scheme. The “dynamic” master register is
kept up to date by punching a new “summary” card for each
remittance of contributions—which is usually done in any case—
and substituting this for the previous master card (after cer­
tain supervisory and statistical operations have been performed
on the basis of the newly punched cards). Use of a "dynamic" register makes it possible to supplement the data appearing in a "static" index with information regarding the number of workers, their wages and the corresponding average wages for any class or sub-class of employers; it also enables lists of employers in arrears to be mechanically prepared, giving all the data required for checking the collection of contributions.¹

¹ For further details see Chapters III and VI.
CHAPTER III

COLLECTION OF CONTRIBUTIONS

COLLECTION SYSTEMS IN GENERAL

As a general rule only the insurance institution and employers play a direct part in the contributions: the latter alone are responsible for the full payment, in due time, of their own contributions and those of their employees.

Of the different methods of collecting contributions, two principal types stand out: the payroll system and the stamp system. Other existing methods are derived from either of the above or from a combination of the two.

In the normal payroll system the employer is required to remit to the insurance institution, for each "collection period", a complete list of the persons who have been employed by him during the said period, showing their insurable wages, the respective contributions, and in some cases the number of hours worked.

Sometimes, however, contributions are calculated by the insurance institution itself. Using the notices of entry and departure of workers and of changes in wage rates (which the employers are required to submit) it determines the contribution to be paid in respect of each person for the period in question and informs the employer of the total amount due. This is in fact a variant of the payroll system, the difference being that the task of handling the payroll figures is performed by the insurance institution, which often uses mechanical methods (punched cards) for compiling the necessary data. Under another variant of the payroll system the employer does not remit a complete list of his personnel, but only the names of those who were engaged or left, or whose insurable wages were modified, during the collection period. Total insurable wages and total contributions due for each period can thus be ascertained by applying the net increases or decreases to the totals for the preceding period. This system supposes a relatively
stable labour force and fixed rates of insurable wages. Furthermore, it appears indispensable to require that employers shall remit complete lists of their workers, with the insurable wages of each, at regular intervals (once every year, for instance) so that a check may be made and errors and omissions cannot accumulate. Individual wage and contribution rolls may also be kept by the employer for each of his workers for a year or six months, after which they are sent to the social insurance institution; as a rule the contributions are paid at shorter intervals (monthly, for instance) without indication of details. Finally, there is also a very rare system already mentioned in Chapter I, under which rolls are made up of individual coupons detached from the insurance books of the employees concerned.

In addition to the normal stamp system, without a register or other internal method of supervising the employers, a system sometimes used involves a combination of the stamp system with periodical submission of summarised payrolls or direct registration of total data on the occasion of each purchase of stamps. (This is the system usually employed by Latin American institutions that use stamps as a means of paying contributions.) In this case the institution keeps a direct check on the stamps bought by the employer during each period and can thus supervise the actual collection of the contributions.

The advisability of applying a given system of collection depends mainly on the characteristics of the insured population and the nature of the scheme to be applied (the level of education and sense of responsibility of employers and insured persons, the way in which wages are usually paid, the degree of employment stability, the risks covered and the system of calculating cash benefits). Accordingly, it is possible to find the payroll system applied by one institution and the stamp system by another in the same country—and even to the same persons if they are covered against several risks by different institutions. Again, a given institution may apply the payroll system to some of its insured persons and the stamp system to

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1 See above, p. 13, paragraph (d).
2 Remarks on the advantages and disadvantages of the payroll and stamp systems will be found in Collection of Contributions, pp. 326-332.
others, according to the character of each group: for instance, it may prefer the former for the majority of employed persons, and the latter for special groups (voluntarily insured persons, self-employed persons, domestic employees, homeworkers, casual workers, etc.).

Contributions are nearly always related to the wage or salary and are usually a specific percentage either of actual wages or of a conventional rate taken to represent a wage class, which thus has a flat rate of contribution. The stamp system is almost always based on such a classification into wage classes, but these are also sometimes used by institutions which have the payroll system of collection. There is also the case where a single rate of contribution applies to all insured persons irrespective of their rate of pay.

Another special method is that by which, for the purposes of social insurance contributions and benefits, conventional basic wages are specified for the whole of certain classes of employed persons. This is particularly useful when the remuneration is not related to a period of time and is consequently exposed to frequent variations (as in the case of piece-rate workers, homeworkers, etc.). However, the method may also be applied to homogeneous classes of workers with similar fixed wages (e.g., domestic workers). All the administrative operations connected with the collection of contributions, their supervision, the individual accounts of insured persons and the grant of benefits will be greatly simplified if conventional wages (which must be periodically revised) are fixed.

The term “insurable wage”, when used in this study, is intended to cover all the forms just mentioned, including the wage-class rate and the uniform conventional wage where these apply.

**Collection by Means of Periodical Rolls**

*Design of Forms*

Institutions that apply the payroll system require employers to use special forms for the purpose. These are distributed free of charge or on payment of a small sum to cover

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1 For general remarks on the payroll system see Collection of Contributions, pp. 326-332.
their cost and limit unnecessary requests. As a rule, large undertakings are permitted to have their own forms printed, but they are always required to follow an official model.

The typical form contains: (a) particulars of the employer, including his registration number and address, and an indication of the period covered; (b) the names of the workers with all individual data required for the purpose of reporting contributions; and (c) a summary of the contributions, the employer's signature and any necessary remarks. This last section often provides a space for an indication of the number of workers contributing, and sometimes additional spaces for the use of the various internal services (reception, checking, recording, etc.).

Usually the minimum data required in respect of each insured person are as follows: registration number; full name; time worked during the period, expressed in months, weeks, days or even hours if the operation of the scheme so requires; and the insurable wage. If the contribution is a direct proportion of the insurable wage, there is no need to specify each insured person's contribution also. Consequently, for purposes of collection and also for the individual accounts of insured persons, it is enough to indicate the insurable wage of each person, to total these and then to apply the appropriate percentage in order to obtain the total contributions. As a rule it will suffice to note the over-all total (the sum of those of all the employees and of the employer). If, on the other hand, the system provides for wage classes, it will almost always be necessary to indicate, for each insured person, both his wage class and the contribution corresponding to it and to the time worked (usually expressed in weeks).

A remark may be made here regarding the "time worked" during the collection period. If the institution is one whose insured persons are all employees with fixed monthly salaries, there is no major problem and fractions of the period will seldom have to figure in the roll. To avoid such fractions it is often provided that an employee shall not be required to pay any contribution for the month in which he enters employment, while being required to pay a full contribution for the month in which he leaves his employment.

The situation is more complicated if the insured persons include workers employed by the day or at piece or job rates,
as is the case with most general social insurance schemes. Some institutions use rolls with a column in which the days and hours worked may be noted, each eight hours being regarded for instance, as equivalent to a working day. Other institutions simply require indication of the number of calendar days on which the insured person was actually working, irrespective of the number of hours. Many institutions cannot effectively use this information (which is often incompletely or inaccurately given) and are obliged in practice to treat as a month of insurance every month in the course of which the insured person paid any contribution, even for a single day only. In the face of this difficulty some institutions that use the wage-class method require full payment of the contribution throughout any contribution period in the course of which the insured person was employed at all, irrespective of the number of days, on condition that his wage class did not change and that he is not reported as leaving the service of an employer during such period.

Apart from the principal columns mentioned above, certain payroll forms have auxiliary columns in which workers appearing for the first time and workers who have left during the collection period can be marked with an X. If the employer cannot indicate departure on the roll for the last period during which a given person contributed, this person's name and registration number must be repeated on the next roll, where there will be a blank against his name in the columns for time worked, wages and contribution and an X in the column indicating departure. It is also useful to have a column for "remarks", where such particulars as periods of sickness, holidays or absence without pay may be noted.

In planning a contribution roll, it should be remembered that the data it will contain are evidence of the insured person's right to claim benefit and will also be used to calculate the amount of benefit. In other words, a roll is one of the essential sources of information on which the grant of benefits is based (it is the only source in systems where no individual accounts for insured persons are kept), and it must be so planned that the data it contains can easily be referred to directly or transferred to the individual records.

In some countries the contribution rolls are also used for purposes unconnected with social insurance. For instance, a
direct copy of the roll sometimes serves for income tax purposes; in other cases it is used to calculate the special charges or contributions for certain social services; and in others again a copy of the roll is sent to the statistical department of the Ministry of Labour or to the department that supervises employers' establishments. Such use of the roll for purposes not related to its direct object will always require inclusion of additional columns and (failing appropriate administrative arrangements) will involve undesirable delay in the transmission and utilisation of the rolls. On the other hand, it may be of considerable value for the supervision of employers, provided there is co-operation between the various institutions concerned. However, quite apart from the requirements of outside services, the insurance institution itself often overloads the form with additional columns or spaces: these are generally intended for statistical data, which have to be repeated by the employer for every contribution period and are often not used at all. It should be borne in mind that the roll is part of the procedure of collecting contributions and that the task of filling it in correctly, even if only few data are required, represents a considerable volume of work for the employer.

Some Latin American institutions, which in addition to their normal insurance functions grant loans on mortgage or other loans to their members, use the contribution roll also for the collection of payments on such loans. Although this practice may be useful in some cases it is advisable to keep such collection separate from that of social insurance contributions, and to request settlement of loan payments either individually or by means of special forms. This is especially true since the supervision and accounting procedures for loans and the payments thereon will be different from those appropriate to the collection of insurance contributions.

Most institutions require that the names of the workers on the roll shall appear in strictly alphabetical order. Nevertheless, large undertakings are permitted to divide their personnel into departments or other divisions and to establish an alphabetical order within each such division.

The number of copies of the roll required generally varies between two and four. In nearly every case a copy is destined for retransmission to the employer for his records and as a model for the next occasion. In centrally administered sick-
ness and maternity insurance schemes it may be necessary or advisable to reserve one copy of the roll for the central office and another for the office or agency responsible for local application of the system.

*Period Covered by the Roll*

Rolls are most often based on the month. If longer periods are covered (two months, three months, six months or even a year) the institutions usually require payment of contributions at shorter intervals (monthly for instance), but details need not be submitted with each payment.

Where the wage-class system is applied, the basic period of contribution is usually the week, and several "contribution weeks" make up one "collection period". If this is roughly a month, as is most usual, each roll will apply to either four or five weeks—for instance, the weeks falling between the last Saturday of the preceding month and the last Saturday of the current month.

*Method of Reception and Payment*¹

Some institutions have their own services for receiving rolls and collecting payments: in these cases the methods of payment and supervision are particularly important. Other institutions have the collection undertaken by postal cheque or through official banking services. In one country the income-tax collection offices also collect social insurance contributions. Furthermore, there is the special case in which receipt of both rolls and contributions is entrusted to a paid collector who periodically visits each undertaking in his district.

In some countries, where several social insurance institutions operate and cover different risks, one of these, or a special central office, often collects the contributions for them all.

It may reasonably be asked whether an insurance institution should accept a contribution roll unless it receives the corresponding sums at the same time or has already received them. Many institutions (the majority in Latin America) give a negative answer to this question not only because of the administrative difficulties and the additional work involved

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¹ See *Percepción de cotizaciones*, Chapter VII.
if the contributions are not remitted with the roll but also because the roll is the basic document proving that the employer has complied with his obligations towards the insurance institution and because they believe that, by demanding payment of contributions at the same time as submission of the rolls, they may avoid dangerous additional delay on the employer's part.

**Internal Checking of Contribution Rolls**

The data entered on the contribution rolls should be checked in the insurance institution. This internal checking includes—

(a) A check on the data relating to the employer (registration number, title of firm, address) and to the insured person. If this check is not carried out in due time, serious difficulty and complication may arise in transferring the data to the employers' and insured persons' accounts and consequently in the grant of benefit.

(b) A check on the amounts specified (whether the contributions remitted correspond mathematically to the wages stated). Where the roll contains columns for wages and for contributions a comparison between the two totals will show whether the contributions have been correctly calculated in each instance (apart from the improbable case that several mistakes may have cancelled out). If there is a discrepancy between the totals, the individual contributions will have to be checked. This work may be avoided if the roll only contains a wage column and a total contribution figure, in which case it will be sufficient to ensure that the two totals are correct.

(c) A check to ensure, for instance, that the wages stated are in accordance with any minimum wage scheme, agreed wage rates, rates usual in the industry or occupation concerned ¹, the amounts stated in the preceding roll, etc.

Part of this work (a check of the particulars identifying the employer, of the total contributions and wages, and of the proportion of the one to the other) will be done on receipt of the rolls. But most of it must be left to a later stage of the pro-

¹ See below, p. 41.
procedure; the whole process must therefore be completed within
the shortest possible time, so that corrections may be requested
and obtained from the employers before it is too late.

The internal checks required and the manner in which
they must be carried out will depend also on the system of
personal accounts; part of the checking may be combined
with the process of transferring the data from the roll to the
personal account. It will be useful in all cases to compare
the new roll first of all with the preceding one or with the data
transferred from this to the personal account (and already
checked). It is particularly important to check the registra-
tion number of each insured person in order to avoid trans-
ferring data to the wrong personal accounts.

A valuable means of operating an internal check is provided
by sickness certificates 1, with which it is possible to ascertain
whether a given worker has been correctly reported for registra-
tion by his employer and whether the wage stated (with the
worker's knowledge) is the same as the insurable wage figuring
in the contribution roll.

External Checking of Contribution Rolls

External checking should be governed by the principle
that it must not repeat checks carried out by other services
and must not impose an undue burden on employers. It
may result from the discovery of discrepancies and anomalies by
internal checking services, or from denunciation by the insured
person; or it may be part of a system of periodical inspection 2
applied to all employing establishments. Its object is to
ascertain whether each employee required by law to be
covered by a given social insurance scheme really appears in
the employer's roll and whether the contributions paid really
correspond to the full insurable wages. A third matter for
checking is the employer's punctuality in remitting the rolls.

In order to be able to check collection operations, an inspector
must have an extensive knowledge of accounts and auditing
and also of the laws and regulations governing the social insur-
ance scheme and its administration. The institutions, there-

1 See below, pp. 72-73.
2 National systems of inspection of employing establishments
in the Americas are described in Percepción de cotizaciones, Chapter VIII.
fore, usually either choose their inspectors from among their own employees having long experience or else require candidates for such posts to hold appropriate certificates. Many institutions arrange periodical training courses for new inspectors and more advanced courses for those already employed.

An inspector is the social insurance official in most direct and permanent contact with employers and insured persons whom he is expected to help in connection with the procedural or other problems of social insurance. Hence the impression he creates in the exercise of his duties and in his dealings with the public will have a direct effect on the institution he represents.

The source of information on which external checking is based is nearly always the wage register or payroll that employers are obliged to complete and to retain in most countries. However, it should also be ascertained whether the wages figuring in the register or on the payroll have been effectively paid or whether there are false entries or omissions in these basic documents. To be able to carry out such a check the inspector must have a general knowledge of the usual wages or minimum rates in the various occupations; and he must also ascertain whether the reported figures for total personnel and total wages are consistent with the character of the undertaking and the volume of its business. This is one of the reasons why some institutions employ inspectors who are specialised in individual industries (building, public works, mining, etc.), although most require their inspectors to deal with undertakings carrying on any type of activity.

Where each area is divided into districts under the control of a single inspector, it is a common practice to provide for periodical rotation of inspectors, so as to prevent their establishing unduly close relationships with individual employers.

**Punctuality in Remitting Rolls : Procedure in Case of Delay**

The social insurance laws or regulations always specify a period (most commonly ten days, two weeks or one month from the end of the collection period) within which the employer must remit the roll and the money appertaining to it. A check on compliance with this rule is valuable not only to the insurance institution but also to employers, since excessive delay
and a sudden call to pay arrears of contributions may involve them in serious and in some cases insoluble financial difficulty.

In most institutions supervision of the conduct of employers in this respect is based on entries in the employers' register ¹, which will show the date of the last payment made by the employer, the relevant contribution period and the total insurable wages (or total contribution paid); from these data it will be easy to work out the approximate amount of contributions probably in arrears. Some institutions successfully use, for the basic register, a "visual control" card index system with adjustable tags showing the last contribution period for which each employer has made payment. ²

Since large institutions usually carry out the inspection and checking of employers by districts or areas (although the work is always co-ordinated and supervised by the central office), it is important to ensure that the district or local offices are provided at least with auxiliary registers of employers.

An efficient means of checking, by which all operations can be entirely mechanised, is the "dynamic" master register of employers made up of punched cards. ³ With this register lists of employers in arrears can be compiled by district with details regarding the period of arrears, the probable number of insured persons affected and the probable amount of contributions owed by each employer.

Employers in arrears are notified either by letter or by the inspector or other competent official of the institution. The employer is generally given a short period within which to pay the contributions he owes, together with the appropriate interest and surcharge. If he has not paid by the end of the prescribed period, the institution may have recourse to judicial action.

A well balanced system of sanctions (interest, surcharge and penalties) may be of decisive value in reducing arrears to a minimum. Evidently the employer in arrears must be required to pay to the institution at least the highest permissible interest on debts; in addition (unless the delay has been previously authorised by the institution for good reason) it is necessary to require payment of a surcharge so that failure

¹ See above, p. 29.
² See Percepción de cotizaciones, p. 29.
³ See above, p. 30, and ibid., p. 30.
to remit contributions may not be used as a means of obtaining a cheap loan. However, this surcharge should be kept within reasonable limits, so as not to ruin employers who, for some reason, have honestly been unable to pay their contribution for a considerable period. Payment of the surcharge should be automatically due without the need for any special administrative or judicial action.

An employer's failure to pay contributions in due time may also be a criminal offence for which a penalty should be imposed: this will be the case if the failure is regarded as improper retention of sums deducted from the workers' wages for social insurance purposes, i.e., as appropriation of another person's property. Arrears of contributions are considered in this light, and a severe special penalty is accordingly imposed, if the employer has deducted the worker's contribution from wages without registering him with the insurance institution or without entering the amount so deducted in the contribution roll; the same applies in case of excessive delay in payment without due cause and despite express warning by the institution.

The following question is also connected with the above: can and should an institution allow benefit if the contributions actually paid do not give the insured person a formal right to it (or to the full amount claimed), solely as a result of the employer's delay or omission? The view appears to predominate that the institution should in any case grant the full benefit and may then recover from the employer not only the contributions in arrears but also the value of the benefit—through the courts if necessary.

A specially delicate problem arises if the State itself is in arrears, either in its capacity as employer or as the third contributor under a tripartite system. It is practically impossible to proceed against a public authority by ordinary legal action. However, an attempt must be made to ensure that the State complies with certain minimum requirements, which might be as follows: (a) it should agree to pay reasonable interest on any arrears; (b) the personal contribution of public servants covered by a social insurance scheme should be deducted regularly from their wages and paid directly into a special account held at the disposal of the insurance institution; (c) any special taxes or other revenue to be used for social insurance purposes should be paid into a separate account;
(d) budgetary allocations (including those of independent public corporations) should include provision for the contributions due by the authority as employer or in any other capacity and—if necessary—for any sums owed by it in respect of previous periods.

Relations between Collection and Accounts Services:
Employers' Current Accounts

A theoretically perfect system would be as follows: employers are required to notify the institution of all workers entering and leaving their service and of any changes in insurable wages. On this basis, the institution ascertains the exact amount due from each employer at the end of each month or other collection period, and debits the amount to him in the main employers' register (which in fact becomes a series of current accounts); on receiving the roll from the employer, it credits the amount to him, and any balance in the employers' favour or the reverse will accordingly appear.

This is the procedure effectively followed in some institutions where the membership and the members' insurable wages are relatively stable, either because the members are salaried personnel with fixed monthly pay or because application of a wage-class or other system of conventional basic wages secures a high degree of stability in this regard. But in most institutions where the contribution is based on the wages actually received for the collection period (up to a certain maximum in some cases) the procedure described above cannot be applied in practice. This is due to the constant variations in the insurable wage of a given worker, which depends not only on the agreed basic rate of pay per hour, day, month, etc., but also on the time worked during the period; indeed, it cannot always be related to any time unit at all, for it is often based on piece or job rates. In such cases the accounting operations connected with the collection of contributions usually relate only to the rolls actually received by the institution. As these may arrive after the corresponding money or there may often be differences between the totals stated in the rolls and the amounts actually remitted, the procedure usually adopted is as follows: the employer is debited with the amount stated in the roll and

1 See also pp. 29-30 above.
credited with the amount actually received; any difference is thus clearly recorded to his credit or debit, and any interest, surcharge or other sums payable by him can readily be entered in his account.

Another satisfactory procedure consists in keeping the employers' basic register as a mere historical record in the manner already described and maintaining an auxiliary current account for each employer in which any difference actually arising in the collection of contributions appears as a debit or credit. In other words, if the total figure stated in the roll coincides with the amount received—which is normally the case—no entry at all need be made in this account (whereas under the method previously described a credit and a debit entry are made in respect of each roll). A current account is only opened for a given employer if, and when a discrepancy arises: consequently, the register of such accounts need not include all active employers.

The three methods, despite their diversity, have a common feature: some type of current account is kept, which also provides the only efficient means of checking on the actual payment (or refund) of any discrepancies that may arise. Evidently the two latter methods, under which contributions corresponding to rolls that do not arrive in due time are not entered at all, leave a large blank on the assets side of the institution's accounts. To make good this weakness to some extent, the approximate amount of contributions in arrears can be periodically estimated, if only as administrative information without value for accounting purposes. Such estimation is particularly easy if the institution uses the "dynamic" system of master punched cards described in Chapter II.

The order in which the rolls are handled and finally analysed differs from one institution to another. It will depend, in particular, on the degree of complexity of the rolls, on whether their analysis includes reference to minimum wages or wage rates in general, on the system of accountancy introduced (perhaps the most important factor of all) and on internal administrative considerations. If the analysis is carried out at once, the amounts can be directly credited to the respective

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1 See above, p. 29.
2 See above, p. 30.
receipts accounts—the employers' contribution account and the personal contribution accounts of the employees; these may all be subdivided according to risks covered, in accordance with the statutory structure of the scheme. Appropriate amounts can also be entered in the interest, surcharge, fines and similar accounts as necessary.

If such a rapid analysis is not possible, either of the two following courses may be followed: the whole amount received is credited to a transitional account ("receipts from employers for allocation" or similar title), so that a transfer may be made to the respective receipts accounts as soon as the appropriate distribution is known; or the ledger has only a single, over-all "contributions received" account, the collection branch of the institution being responsible for distribution by means of auxiliary accounts with a view to preparing the periodical balance sheets.

It is not the object of the present study to go into greater detail regarding such a specialised aspect of insurance administration, particularly in view of the great diversity of existing accountancy systems. However, the above observations will have shown the importance of planning and adopting an appropriate accountancy system when the collection service of an institution is being organised. Particular attention should also be paid to the auxiliary accountancy systems of the local or regional administrative offices, their co-ordination with the central accounts of the institution and their inspection and control.

**The Stamp System**

In the first section of the present chapter, a distinction is made between the normal or "pure" stamp system for the collection of contributions, and mixed systems consisting of a combination of stamps and periodical summarised contribution rolls. The former reflects a tendency to regard the insurance stamp as valuable in itself, like a postage stamp. When stamps are sold, the selling office need not know the employer or the contribution period to which each stamp relates, and the insurance institution can have no direct control over the rela-

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1 For a description of this system see *Collection of Contributions*, p. 324.
tion between the volume of stamps sold and the amount of contributions really due.

The mixed system reflects a different view, namely that the stamp is merely a receipt for a contribution paid. It is found in its extreme form in a certain European sickness insurance scheme, where the persons concerned insure individually, without acting through an employer; each insured person pays his contribution directly to the appropriate “sickness club” or to a collecting agent, and as receipt for each payment an official or agent of the club affixes a stamp to the insured person’s card and at the same time cancels the stamp.\footnote{See \textit{Collection of Contributions}, p. 373.} Under the more usual arrangement, where the employer is responsible for payment of contributions, he may submit, with each purchase of stamps, a request or “purchase roll” indicating the period to which the contributions will apply and their total amount (and often also the number of insured workers in each wage class); this will make it easier for the insurance institution to keep a systematic check over punctuality in the periodical payment of contributions and over their total volume (as under the payroll system).

A given stamp system does not always exactly follow either of the above two tendencies, but it will be useful to remember the different views that can be taken of the stamp in order to grasp more clearly their administrative consequences.

One basic feature of any stamp system is the stamp card or book, also called insurance card or book, which each insured person obtains from the institution so that the stamps may be affixed to it in due order.

The stamps affixed to the book show how long the insured person has been contributing and what his insurable wage has been during the period: it thus indicates the character and extent of the holder’s rights under the scheme and will serve as direct evidence in case of claim for benefit. It is wise to bear in mind this latter function of the stamp book, in addition to its immediate use as a means of collecting contributions and enabling the institution to keep a direct over-all check on their collection by the offices selling the stamps.

When a worker first takes insurable employment the institution issues him with a stamp book on the basis of the
notice of entry that the employer (or the insured person himself) is required to remit. The book contains the necessary particulars of the insured person, including his registration number, and has marked spaces in which to affix the stamps.

Although the stamp system may be applied equally well to voluntarily insured persons, self-employed persons, casual workers, and similar categories, in order to simplify explanation the following remarks will be restricted to the case of employees with a single employer only.

**Issue, Sale and Affixing of Stamps**

Social insurance stamps are usually of a size, shape and design similar to those of postage stamps. The majority of the institutions using the stamp system divide insurable wages for this purpose into classes (there are usually not less than four and not more than eight of these) and allot a fixed amount as the employer's contribution and another as the worker's contribution for all persons within a given class.

The contributions relate to a specified period, nearly always the week, but institutions whose insured persons are all salaried employees paid by the month will naturally take the month as their time unit for contribution purposes. As has already been mentioned in connection with the payroll system the institutions as a rule accept contributions for whole periods only; some, for example, provide that a complete week's contribution must be paid for each week in which the insured person has worked at all, if only for a single day.

There is, however, one institution which issues weekly stamps composed of six detachable strips, each corresponding to one of the six working days in the week.¹

It is advisable to establish conventional basic wage rates for certain groups of insured persons (self-employed persons, dockers, domestic employees, agricultural workers, etc.), so that there is only one type of stamp for each group.

The value of a stamp usually corresponds to the sum of the employer's and of the insured person's contributions for the period. This value, or the insurable wage for the wage class,

¹ See *Percepción de cotizaciones*, p. 231.
or both these figures, are printed on the stamps. An issue of social insurance stamps then includes as many denominations as there are wage classes.

The situation is somewhat more complicated in the case of an institution providing cover against employment injury, where the contribution varies with the class of risk. The number of different stamp denominations will then be the product of the number of risk classes and the number of wage classes. If the same institution also applies other types of social insurance with contributions varying according to wage classes only, it will nearly always be possible to include the denominations applying to all the branches of insurance in a single series of stamps, which must have sufficient denominations to cover all classes of risk for all wage classes in the most complex of the schemes in question. This will avoid the need—which is most disagreeable both for the institution and for the employer—to issue two different series of stamps, one for employment injury insurance and another for the remaining contingencies. A similar situation arises when several insurance institutions, each providing cover against a different risk, operate among the same insured population. If each institution issues its own stamps there is the risk that, at the end of each contribution period, employers will affix stamps corresponding to short-term insurance, deliberately omitting to affix those for long-term insurance; this comes about because the regularity of payment of contributions for short-term insurance (sickness, for example) can be checked much more frequently, i.e., every time the insured person claims benefit, while failure to pay contributions for long-term schemes may result in considerable accumulations of arrears, which will not be discovered until the risk matures and a claim is made. In these cases also, it may be useful to issue a single series of stamps for all the insurance institutions together; these will be sold by a single network of offices, which will distribute the receipts among the participating institutions. The denominations of the stamps will represent the total contributions due under all the schemes and it is therefore desirable that the wage classes adopted by the various institutions should be the same or should be so inter-related that the most complex of them comprises the others; in this way there will be as many denominations of stamps as there are wage classes in the most complex system.
The sale\(^1\) of the stamps is sometimes undertaken by offices of the insurance institution itself, sometimes through other agencies (the post office, banks, etc.), and sometimes by special authorised agents. In the latter cases the insurance institution usually pays a reasonable commission on the value of the stamps sold; in some instances the selling agency charges this commission directly to the person buying the stamps, which amounts to increasing the contribution.

It is possible either to allow anyone to purchase stamps up to the amount he desires, or to restrict sales to persons who show that they are employers authorised to purchase them. The former method is naturally used only under the "pure" stamp system. Under the mixed system the purchase of stamps in fact depends on submission by the employer of an application or "purchase roll", as already explained; a copy of this document, signed by the collecting agent, serves the employer as a receipt for the whole contribution paid. Stamps may be purchased and affixed weekly or (as is often the practice under the mixed system) by the month or roughly equivalent period of weeks.

Having acquired the stamps the employer affixes them to his employees' books and cancels them. Cancellation usually consists in writing or otherwise marking on the stamp, in indelible ink, the date and sometimes also the signature or registration number of the employer. Furthermore, the employer is in some cases permitted to perforate the stamps before they are affixed to the books, using a special design to protect himself against theft or improper use of the stamps he has purchased.

In some countries employers use special machines that print the stamps directly on to the stamp books and resemble those used to frank mail. Naturally the use of such machines, and the stamp designs, require authorisation in each case by the insurance institution. Sometimes, too, stamps are issued for the use of big undertakings in denominations that are multiples of the ordinary denominations, so that they can be used to cover longer periods (two, four, eight or even 13 weeks). There are also institutions which authorise, on special request, the direct payment of contributions in cash without the need for simplicity the word "sale" will be used even where the stamps are merely receipts for the cash payment of contributions.
to purchase and affix stamps: settlement is made annually or semi-annually, and during the year or half-year in question the employer makes payments on account or pays a deposit equal to the estimated amount of contributions due from him for each period. In this case the undertaking is required to keep a nominal roll of its employees, indicating the name, registration number, time worked and contribution corresponding to each; at the end of the authorised collection period it must provide the institution with a statement of contributions for each worker and, when a worker leaves its employ, it must indicate in his stamp book the contributions paid on his behalf.

It may be pointed out also that the relevant law or regulations should include special provision for insured persons who have two consecutive employers during a contribution period or who ordinarily work for more than one employer during such time. In the former case it may for instance be prescribed that the first employer shall be responsible for payment of the contribution for the whole period. Common solutions for the latter problem are as follows: the principal employer may be required to pay the whole contribution; or the worker himself may purchase the stamps as if he were a self-employed person and then secure a refund of the appropriate part of the "employer" contribution from each of his employers.

**Supervision of Employers**

Under the mixed system, where stamps are combined with submission of summarised contribution rolls, the insurance institutions are able to keep an employers' basic register similar to that described with reference to the payroll system; they will then know at any moment the period for which each employer has contributed and the value of the stamps he has bought—i.e., the amount of contributions paid. If the employer does not pay in due time, the institution will warn him, requiring payment of surcharge and imposing penalties if necessary.

As under the payroll system external checking is entrusted to a corps of inspectors. From time to time these will go to each employing establishment to examine the stamp books of all employees subject to the scheme; they will ascertain first of all whether each worker has a book, whether it has
been kept up to date, and whether the stamps affixed to it really correspond to the insurable wages. Institutions that apply the stamp system in its pure form, without a basic register containing the record of each employer, cannot fail to attach the greatest importance to the check thus operated by their inspectors, which must be more frequent and systematic than under the mixed system.

The external check is supplemented by the insured person himself, who must be entitled to require the employer to let him see his stamp book so that he can ascertain whether the stamps have been correctly affixed to it and correspond to the deductions the employer has been making from his wages.

If institutions neglect opportunities of periodical checking and leave the checking of stamp books until the moment when insured persons claim benefit—at which time they will ascertain whether the claimant is entitled to benefit and will calculate the amount—the accumulated irregularities and omissions ultimately discovered may give rise to insuperable difficulties.

Any system of checking must be backed up by severe sanctions.

**Forgery and Fraud and Their Prevention**

As regards illegal practices in connection with the use of stamps a clear distinction should be drawn between the forging of stamps and the fraudulent use of genuine stamps. In the second case, which is the more frequent, an insured person may remove stamps that have already been affixed to his book, and sell or give them to a comrade who needs stamps in order to complete a period of insurance and to claim benefit. The cancelling marks on the stamps are sometimes first erased and replaced by others to suit the second insured person. In other cases the employer may favour one of his own employees by affixing stamps relating to past periods for which the worker wishes to appear to have contributed so as to claim benefit.

Apart from the issue of precise instructions regarding the cancelling of stamps and the imposition of serious penalties if frauds are discovered, the principal preventive method—one that is quite essential under the stamp system—consists in limiting the period of validity of the stamp books, which will then have to be exchanged periodically for new ones. The usual
period of validity is one or two years, longer periods being rare. Compulsory exchange of the stamp books restricts the possible fraudulent use of genuine stamps and may be accompanied by the examination of the books (with the aid of special equipment if necessary) so that such forgeries or fraudulent practices as may have occurred can be discovered and the necessary action taken before it is too late.

Another effective means of preventing fraud is the periodical issue of new series of stamps. Of course this step, which involves the withdrawal and destruction of the unused stock of old stamps as well as complex accounting and supervisory operations, is very expensive and cannot be taken frequently.

**Handling and Exchange of Stamp Books**

As has already been mentioned the employer usually has charge of the books. Some institutions prohibit the employer from giving insured persons access to their stamp books, and require him to hand each book over to the insurance institution when it is due for exchange or when the insured person leaves his service. If this is the practice, the insured person must be provided with some permanent social insurance identification document bearing his registration number. When he enters the service of a new employer, the latter will apply to the insurance institution for his old stamp book or the stamps may be affixed to a provisional card, which is subsequently exchanged for a normal book.

In some systems the employer may hand the stamp book to the insured person only when the latter leaves his service. This has, of course, the advantage of enabling an insured worker to submit his book to any new employer, who can then take over the function of affixing the stamps to it; but it also has a number of disadvantages. Quite frequently, workers will leave their employers without asking for, or without obtaining, their stamp books; in such a case the employer is required to send the book straight to the insurance institution, as he does under the method described in the preceding paragraph. In other cases an insured person who is unemployed for some time may forget to send his book to the institution if it expires in the meantime.

Some institutions require the insured person to present his stamp book when claiming benefit in order to prove that
he is an active member, is up to date with his contributions
and has completed the necessary qualifying period (if any),
and also to enable the cash allowances to be calculated if neces-
sary. Accordingly, the employer has to hand the book to the
worker whenever the latter needs it for this purpose. If
the institution thinks fit to adopt this third alternative (which
has the undeniable advantage of enabling the stamp book to
be used as evidence of the right to benefit, even in the case of
short-term insurance), its disadvantages should also be appre-
ciated: in addition to the drawbacks already mentioned in
the paragraph above, the employer will often find himself
without the stamp books of some of his employees when the
time comes for affixing stamps or exchanging the books; it
is evident also that there will be a danger of loss or damage.
In order to reduce these drawbacks institutions should not
retain a book unnecessarily long (when it is first presented for a
claim for sickness benefit, for example) but should return it
promptly (preferably to the employer) as soon as it has been
checked, the insured person being provided with a certificate
of his continued right to benefit for the contingency in question.
Finally, it is advisable, as under the other two methods men-
tioned, that provisional cards or special identity documents
should be used whenever necessary.

The reasons for limiting the period of validity of the
stamp books have already been indicated. Another point
arises here. A given insured person's book may be used up
and require replacement individually unless each space is
earmarked for a specified period. However, most institutions
use a system whereby each space corresponds to a predetermined
contribution period, the dates of which are printed in the space;
under this system the books of all insured persons, or of all
those in a specified class, expire at the same time.

The simultaneous exchange of a large number of stamp
books is a most delicate administrative task and must be
carefully prepared. In order to reduce the difficulties inherent
in this process, it is possible to divide insured persons into
groups, each of which will have a different terminal date; each
insured person will remain throughout his insured life in the
"exchange group" to which he was allotted on first entry.
The books corresponding to each group will be distinguished
in some conventional manner.
The exchange itself is carried out approximately as follows. The employer returns the expired books to the institution, where they are checked and the stamps rendered permanently useless (by perforation, for instance) so that they cannot be improperly used at a later stage, and new books are prepared and sent to the employers. In many cases a summary of the contents of the old books (the number and value of the stamps of each kind that they contain) is entered in the new books in case the information is required in connection with the grant of short-term benefit. Where appropriate, the old books are returned to the central or regional office, depending on the degree of centralisation of the scheme. How they are subsequently used for insured persons' records will be discussed in the next chapter.

Finally it must be mentioned that the preparation of the new books, prior to their issue in exchange for the old ones, is sometimes entrusted to the employers. Small undertakings that have not the appropriate personnel for such work may seek the assistance of the insurance inspectors, who may combine this job with a general inspection of the undertaking.
CHAPTER IV

INDIVIDUAL RECORDS OF INSURED PERSONS

In sickness and maternity or employment injury insurance, the right to benefit is dependent on the claimant's being an actively insured person at the time when the contingency occurs or, if unemployed, on his being still covered by the "period of protection" provided for in most schemes for sickness and maternity insurance, and possibly on the additional condition that he has paid contributions during a short qualifying period. The amount of cash benefits is usually calculated on the basis of the most recent insurable wage or an average of the insurable wages received over a period not generally exceeding three months. In other words, the insured person's qualitative or quantitative entitlement in such short-term insurance is not affected by whether he has six months, or ten or 20 years of contributions to his credit. There is therefore no need for the insurance institution to have available individual records of its insured persons covering the whole period of their membership.

The position is very different in the case of an institution providing long-term insurance (such as invalidity, old-age or survivors' insurance), under which the payment of benefits is subject to a relatively long qualifying period, which is usually between two and five years for invalidity, widows' or orphans' pensions, and may be 25 or 30 years or more in the case of old-age pensions. Moreover, in the majority of institutions, the amount of the pension depends on the total period of contribution and also on the wages received over a number of years or even during the whole period. This makes it necessary for the institution to keep up to date a complete record of periods of contribution and of insurable wages over a large part or even the total period of contribution for each insured person.

Individual records are, of course, especially important for institutions that collect contributions by means of the payroll
system or one of its variants; the present chapter, therefore, is based on the payroll system of collection. In this case the keeping of individual records consists in transferring, from the payroll to the documents constituting the individual record, all information that may affect the right to benefit and the calculation of the rate of benefit.

Procedures for transferring such data and keeping the individual record up to date depend on the characteristics of the scheme (the kind of contingency covered, the calculation of long-term benefits, the basic collection period, the manner of calculating the period of contribution, the degree of administrative centralisation or decentralisation, etc.) and on certain features of the insured population, such as the normal degree of stability of workers in the service of a single employer, the method of wage payment and the number of insured persons.

The data that must usually be known are: the period covered by the contribution, the wage or wage class on which the contribution is paid, and the employer's registration number, the last particular being required so that the original document—the payroll—may be consulted in case of doubt. It will also be necessary in many schemes to record the duration (for example, the number of days or weeks) for which contributions are paid in the period.

If, as is now the common practice, the regulations treat as periods of contribution any periods of incapacity during which the insured person receives a sickness allowance, rest periods for which an allowance is paid in case of maternity, and sometimes periods of involuntary unemployment and the like, particulars of such periods must also be entered either in the individual record or in a special record.

Administrative procedures in connection with the individual record are so complex in themselves and any delay may have such unfortunate results, that it is a wise policy not to overload the record with unnecessary particulars but to

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1 Where contributions are collected by the stamp method all an insured person's expired stamp books, once they have been exchanged by the institution, constitute his individual record. Naturally the accumulation of these books may give rise to a storage problem; for this reason some institutions summarise the main data of each book when it is exchanged and transfer the summaries to the new stamp book and to individual record cards filed in numerical order in a general filing system. The old books can then be destroyed.
confine it strictly to the fulfilment of its immediate purpose. Thus the simultaneous entry of wages and contributions (the latter often subdivided under branches of insurance) can almost always be avoided, even in schemes that provide for the refund of contributions. It is also advisable to eliminate particulars of a statistical nature, which are not often used and can be obtained by other means.

The individual record should be regarded as no more than a memorandum of the insured person's employment covered by social insurance, and not as an accounting document. There are some institutions, however, that still regard the individual record as a kind of savings account and as an essential aid to bookkeeping; such institutions include, for example, those in which the insured person's pension is dependent upon the capital sum accumulated in his personal account and which also include among their benefits the partial or total payment of this capital sum (generally, the insured person's individual contributions with or without interest) in case of cessation of work or in lieu of a pension. The total contributions credited in the individual record would theoretically have to correspond to the balance of the insured person's account in the institution's general accounting system, a correspondence that it would be impracticable to maintain in the long run. The only indispensable check, and one that should be carried out with the greatest precision, is to transfer particulars from the contribution roll to the individual record; once this process is over the individual record becomes, as it were, independent of the roll and hence of any accounting process.

Before concluding these general observations, it may be remarked that there is one institution providing long-term insurance which keeps no individual records of any kind. Entitlement to benefits is based on the "employment booklet" that every worker is legally required to possess and in which the employer must enter exact particulars of periods of employment and wages. In case of doubt or if there are omissions in the employment booklet, direct reference is made to the contribution roll. It may be noted that even in this case the institution has not actually given up the individual record: instead it uses an existing record that is kept up to date by the employer. The satisfactory operation of the scheme depends on the compulsory employment booklet and on the efficiency
of the check made on the correspondence between the data entered in the booklet and the contribution roll.

A description was given in Chapter I of the procedure for initiating the individual record and of the general features of the registers used; it was mentioned there that many institutions also use the individual record cards to register benefits paid to insured persons. This chapter is confined to an account of the individual record as a memorandum of the particulars necessary for the payment of benefits.

Types of Individual Record and Transfer Methods

No attempt will be made here to classify systematically the different types of individual record in existence; instead they will be regarded from various standpoints. It should be explained that the individual record does not necessarily consist of a card or sheet on which the required particulars are entered in chronological order, although this is certainly the most usual form; the essential feature of the individual record is that there should be a methodically arranged and classified collection of documents constituting the historical record of each insured person and providing direct and unequivocal evidence of his right to benefit.

Particulars may be transferred from the payroll to the individual record for each collection period—in other words, from each payroll (the method employed in most institutions); or the so-called "change" method may be successfully employed, particularly in institutions covering a class of insured persons that is relatively stable as regards continued employment with a single employer and the insurable wage or wage class. In this system entries are made on the individual record only when there are changes in the circumstances of the insured person. An entry will therefore be made giving the date at which the insured person took up employment with a particular employer, the registration number of the employer and the insurable wage for a given unit of time—for instance, the month or week, or whatever period is taken as the basis for contributions. So long as the insured person remains with the same employer and at the same wage, no further entry is made. If there is a change in wage, the date at which the old wage ceased and the new one began and the amount of the new wage
will be entered; if the insured person leaves the employer, the date of separation will similarly be noted. A break in employment with the same employer may be entered as a separation and a new commencement of employment. The duration of contributions between two dates entered (the number of weeks or months, for example) may be added up and noted in secondary columns. The principal methods of transferring data are direct transfer by hand or by the use of special machines, and mechanical transfer by means of punched cards.

Direct Transfer

An important feature in applying the method of direct transfer is the proper classification of individual record cards. These may be classified in general numerical order, the records possibly being divided into two groups—for insured persons employed in covered employment and those not so employed—or by groups of employers, the cards being arranged within each employer group in the same order as insured persons are listed on the employers' rolls. In the latter case the cards of insured persons not in covered employment and of pensioners will, of course, be kept separately.

If the classification is by general numerical order, when the payroll arrives the cards of the insured persons included in it must be found in the file before the transfer operations can be begun. All this naturally slows up the process of transfer if there is a large number of insured persons; it also entails a considerable risk of errors both in arranging the cards before transfer and even more in putting them back in the general file. Under this system there is no direct check on the engagement and dismissal of workers by an employer, unless each roll is compared with the previous one. On the other hand, the general numerical classification presents the advantage of keeping the entire individual record of each insured person on one card until it is full, whereas the second procedure described below may make it necessary to keep several cards simultaneously up to date for a single insured person. Even this apparent advantage may turn into a hindrance, however, if a worker has one or more employers, and if the payrolls of both employers are involved in the transfer process at the same time.
The system of classifying individual records by employer groups consists in filing together the cards for all the workers employed by each employer as shown by the last payroll entered and, where appropriate, by notifications of engagement of any new workers subsequently received. An insured person will have as many different cards in play as he has employers at any one time. This system makes it necessary to keep a general register, as far as possible in numerical order, in which the identification particulars of the workers are entered together with the registration number of each employer by whom the insured person is or has been employed and the dates of engagement and of separation. Each employed person has one "master" card (and one only) in this register which also serves a second purpose; when a worker leaves the service of an employer and the particulars corresponding to the last collection period have been transferred, his individual record card is taken out of the employer group and attached to his master card in the general register. When the insured person enters the service of a new employer, one of the individual record cards attached to the master card is taken and put in the appropriate employer-group file; if no old individual record cards are attached to the master card a new individual record card is made out. It may also be necessary to make out a new card if the former employer is in arrears with his contributions and the new employer is already paying contributions on behalf of the insured person.

Particulars are transferred from a payroll to the appropriate individual record cards as follows: whatever the order in which the individual record cards are classified, the first step is to prepare the cards of the insured persons entered on the roll. If the original classification is by employer groups and if the employer is required to notify the employment of each fresh worker, the cards of the new workers will already have been put in with the employer group in question; but those of the workers whose separation from the employer has been notified will not have been removed until the particulars have been transferred to them from the last roll on which they figure. The payroll must be compared with the cards in the corresponding employer group since this makes it possible to check whether the employer has fulfilled his obligation to notify the movement of employees or, where no such obliga-
tion exists, to register such movements. The employer is notified of any omissions, cards are made out for any new workers, and those of workers who do not appear as contributors on the new payroll are withdrawn. In the case of temporary breaks in employment owing to sickness, leave without pay, etc., the respective individual record card should be left in the employer group, but separated from the rest. Should there be any doubt as to the identity of an insured person, provisional cards of a different colour may be put in without holding up the transfer process, and further details will then be requested from the employer. When the individual record cards in the employer group have been thus arranged in the same order as the insured persons appear on the roll, particulars are directly transferred, the identity of the insured persons entered on the payroll being once again checked with those for whom the cards are made out.

If the transfer is done by hand, it will be necessary to check at least that the wage amounts have been transferred correctly, for instance by adding up the total wages for each employer or for each convenient sub-group in the case of larger undertakings, and comparing the total of the wages on the cards with the wage total on the payroll.

If special machines are used the process may be simplified and speeded up. These machines enable the data that remain constant for each payroll to be set up on a special keyboard (e.g., the employer's registration number, the collection period and, where required, the actual date of collection) so that it is only necessary to type separately for each insured person the variable particulars (the insurable wage, where necessary the duration of the employment and, for checking purposes, the registration number of the insured person). Both the constant and the variable data are simultaneously imprinted on the individual record card and on a duplicate tape; when all the particulars have been transferred from the payroll, the machine automatically adds up the wages (and days of employment, where necessary).

If a mistake is found to be due to the employer, he is notified and the difference between contributions due and contributions actually paid is noted in his account. The

1 Of the "current account" type.
employer is also notified of any error in the personal particulars of the workers and is asked to correct it in the next payroll or to provide an explanation. It may be noted in passing that the over-all data of the duplicate tape may be used for drawing up general collection statistics.

In order to facilitate the transfer, the individual record cards should be designed with care. It may be advisable to allot a special space to each collection period so that the entries for any particular payroll appear in the same place on all the cards in the employer group.

Transfer by Means of Punched Cards

If punched cards are used, the transfer process comprises the following stages: punching, collation, sorting, tabulation and transfer properly so-called.

The first stage generally consists in punching an individual card for each line on a payroll, in other words for each contributing employee. Naturally the result of a mistake in the registration number of an insured person will be that his contribution periods are credited to someone else. In order to avoid such errors—which may be due to a mistake by the employer in making up the payroll or to a mistake in punching—and also to speed up the punching process, the following procedure may usefully be adopted.

Supposing the system to be in full operation, there will be a punched card for each actively insured person; this will carry perforations representing the constant or semi-constant particulars (i.e., those for personal identification and the employer’s registration number), together with variable particulars for the previous contribution period (i.e., the description of the period, the insurable wage or wage class, and, where appropriate, actual hours of work). These cards will be filed by employer groups. If the institution uses a system of notifications of employment and separation, cards will be put in for any new workers as the notifications arrive, but the cards for workers who have left the employer in question will not be removed until the details for the last collection period have been entered on them. Before the date fixed for sending in the payroll, or at the latest on that date, the transfer process is prepared as follows. The constant particulars are reproduced on a
second set of cards. When the new payroll is received the first step will be to compare the particulars on it with those punched on the new set of cards.

Any discrepancies noted are investigated, for example by reference to the numerical, or, where necessary, the alphabetical list of insured persons, the employer being immediately notified of any error or omission. The cards are then completed by having the variable particulars for the new contribution period punched on them. After all particulars have been checked the wages transferred are added up (for each sub-group or for the whole payroll) by means of a tabulating machine and the totals are compared with those on the payrolls. Any error due to punching and not discovered during the checking process is then rectified; mistakes made by employers are entered on the appropriate employer's current account.\footnote{Where the insured population is relatively stable as regards employment and insurable wages, and where there is in operation a system of notification of engagement, separation and wage changes, the set of cards for the previous payroll, after having been adjusted to take account of notifications received and the results of comparison with the new payroll, can be used directly for the transfer of particulars from the new payroll (or copied integrally for the purpose).}

When the cards for the new collection period for a particular employer have been prepared and checked the next stage of the process may take one of two main forms.

(1) The first possibility is that all the perforated cards for a given insured person are used to make up his individual record. Except for the most recent card, which has to be used as a master card for the transfer of constant particulars to the next card and which is filed in the appropriate employer group, the cards are kept together in the general numerical classification of insured persons. The disadvantage of not having an absolutely complete individual record of any insured person at any moment may be eliminated by making a duplicate of each new master card and inserting it directly in the individual record. When each master card has served its purpose it may be filed separately for possible statistical use. The same process may also consist in filing, by employer groups, punched master cards with only the constant and semi-constant particulars of the insured person; so long as the latter continues in the employment of the same employer the master card can be used for mechanically producing a new card for each collec-
tion period, the perforation of the latter card being completed in the manner described above. This process naturally results in the filing of a large number of punched cards for each individual record. In order to reduce the number of cards a summary punched card may be mechanically produced each year.

(2) A possible alternative procedure is the following. All the payrolls received over a given period are taken and the corresponding record cards are punched and sorted. Then, using a tabulating machine, the principal data extracted from each card are printed on a continuous paper roll impregnated with special ink (one line being used for each card). The individual accounts are then arranged in the same order as the list thus prepared and each line of the list is mechanically transferred to the appropriate account. Once this has been done the individual accounts are returned to the general file.

Alternatively, by using a special machine and punching special holes in the cards it is possible to transfer the data directly to the individual records without preparing the above-mentioned list.

The automatic and semi-automatic processes described above, using punched cards, may naturally be varied and modified in many ways. Furthermore, new and more complex machines are constantly coming on the market and mechanised techniques are continually developing.

**General Remarks on Transfer Procedures**

To decide which of the two main procedures described above better suits a given institution it will have to be considered, among other things, whether the number of insured persons justifies the use of mechanical methods, whether the transfer of data and allied operations will have to be done at frequent intervals, whether the cost of the necessary machines stands in reasonable relation to that of human labour, whether the work of punching cards and checking them is compensated by the saving in time and work involved in the many operations that can then be done automatically (transfers sorting, statistics, tabulation, production of auxiliary indexes, etc.), whether the insured population is relatively stable, whether identification of insured persons is sufficiently reliable, and
whether the number of payroll errors made by employers remains within reasonable limits.

If either of the two methods is to work satisfactorily, due attention should be given to examining the payroll before the data it contains are transferred, comparing it with the respective employer group file, and notifying the employer of any anomaly so that it may be corrected in the next payroll. The data transferred to the individual records must be completely checked so that the record may really be a reliable basis for the grant of benefits.

Another essential point is to keep strictly to a certain time schedule—rapid transmission of payrolls from the reception service to that handling the individual records, co-ordination of the various operations connected with the process of transferring data from the payroll to the cards, completion in advance of certain jobs (such as the preparation of cards punched with the constant particulars of insured persons if the system of punched cards is used) and other measures for the rational distribution of work so that some jobs may be switched from days when many of the payrolls usually arrive in each period and done at times when there is less business. In order to keep the rhythm of work as even as possible, the personnel should be grouped appropriately and if necessary special teams should be formed to reinforce any groups of employees who may be in difficulty owing to the accumulation of their work on certain days.

In short, every effort must be made to keep the individual accounts up to date. Any delay in transfer tends to mount up; gaps in the records involve additional checks that become more and more troublesome the longer they are postponed and in their turn retard the process of transfer still further until a situation is reached in which individual accounts are literally paralysed.

**Centralisation or Decentralisation of Individual Records**

Internal movements of workers from one part of a country to another, the inadequacy of communications hindering the co-ordination of regional registers, the low density of the insured population in certain areas, and the administrative difficulties
that these and other factors may cause in connection with the maintenance of complete records of insured persons explain why the individual accounts of persons insured against long-term contingencies are usually kept at the headquarters of the insurance institution. However, three interesting examples are given below of the use that can be made of decentralised records provided the various regional registers are co-ordinated so as to ensure that no errors will arise in the grant of benefits.

The first example\(^1\) concerns an institution grouping a number of regional old-age insurance funds. Each of these keeps individual records for all insured persons in its area and for all other persons who were first insured in that area. It also keeps an auxiliary register of all insured persons throughout the country who were born in the particular area. In order that this latter register may be kept up to date, each fund, whenever it opens an individual record for an insured person not born in its area, is required to inform immediately the fund responsible for the area where the insured person in question was born. If, at a later stage, the person makes application for an old-age pension, probably addressing it to the fund where he was last insured, this fund asks the one responsible for the area in which the applicant was born for complete information regarding the various regional funds that have records relating to him. When all this information has been collected, the fund of last insurance will pay the pension. Insured persons born abroad are deemed to belong to the area of the national capital.

In the second case\(^2\) the individual records are kept at each provincial capital. If an insured person moves from one province to another, his record is transferred to the corresponding capital, so that each insured person’s complete record is always available at a single place. However, this method has a number of disadvantages, and if these are accentuated in unfavourable circumstances they may cause it to break down: the transfer of the individual records from one province to another involves the risk of loss, cuts the record off from its original documents and divides or confuses the administrative responsibility regarding the person’s record as a whole. Furthermore, delay by an employer in transmitting contribu-

\(^1\) See National Monographs, pp. 141, 143 and 150.

\(^2\) Ibid., pp. 173-179.
tions may make it necessary to retain in one capital the individual record of an insured person who has moved to another province a considerable time ago, and thus give rise to difficulties that can sometimes never be solved.

In the third example the individual records are kept by local or occupational funds. There is a central body that maintains a general register of all persons insured with these funds, indicating against each person's name the title of any fund that has opened an individual record for him. In this way it is easy to bring together an insured person's various records when necessary.

A similar procedure is applied in countries where, besides general social insurance on a compulsory basis, there are also special funds for certain groups of employed persons (public servants, bank employees, railwaymen, etc.). It would in these cases be advisable (and this course has in fact been taken in some countries) to establish a service for mutual notification among the institutions in question regarding all cases of multiple affiliation, and to entrust one institution with the job of handling these cases and granting benefit to the persons concerned. If the institutions are separately financed, as they usually are, the problem will arise of splitting the cost of benefit or of transferring the corresponding capital.

Some reference must also be made to the case of countries where there are several institutions simultaneously insuring the same persons—with some exceptions—against different risks. In the discussion on the collection of contributions in Chapter III stress was laid on the advisability of entrusting one such institution, or a special central body, with the whole task of collecting and apportioning contributions. Logically this same institution might also keep the individual records of insured persons: if necessary, it would provide copies for the use of the other institutions.

As has already been suggested the accumulation of documents making up the individual records (cards, payrolls, notices of entering and leaving employment and of changes in wage rates, etc.) may give rise to a serious problem. Although institutions may wish to keep these originals so long as they may affect the rights of an insured person or his relatives,

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1 See National Monographs, pp. 194-196.
it is essential to set a limit to the unreasonable swelling of records.

If the method used to transfer data from payrolls to individual records is efficient the payrolls and other original documents may be destroyed after a certain time, unless they are required as evidence in legal actions arising from disputes. In any case, if it is decided that complete records must be kept the use of microfilm makes it possible to copy and store all the institution’s documentation in a relatively small space. Finally, as a precaution against the destruction of the files of individual records by fire or other disaster for instance, it may be advisable to keep in a safe place a special set of these records in the form either of microfilm copies or of summarised punched cards or lists prepared from them.
CHAPTER V

CHECKING QUALIFICATIONS FOR BENEFIT

The procedures and methods described in the foregoing chapters constitute the basic steps that must be taken by social insurance institutions before they can fulfil their fundamental purpose—to grant the benefits provided by law. The more efficient the administrative procedures adopted for the registration and identification of insured persons and employers, for the collection of contributions and for maintaining records and individual accounts, the easier will be the final process, which consists essentially in establishing the fact that claimants are indeed entitled to benefit. For this purpose the insurance institution will have to ascertain that the applicant is the rightful holder of the identity document he presents in support of his claim or is a member of the rightful holder's family; check that the insured person is up to date with his contributions, has contributed during the prescribed minimum period and fulfils any other statutory requirements; and, if the benefit is a cash benefit, calculate its amount, which usually depends in some degree on the period of contribution and on average insurable wages over a specified period.\(^1\)

In addition to these general checks the administrative procedure of the insurance institution will have to provide for special investigations regarding, for example, the existence and degree of disablement or invalidity, the age of the claimant where legal documents are not available, the bona fides of any person applying for benefit on the grounds that he was a dependant of the insured person (which is so important in case of claims for benefit on an insured person's death), and the fact that pensioners are still alive.

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\(^1\) For detailed descriptions of the provisions of national schemes regarding cash benefit, see National Monographs (Part A "Procedure for the Grant of Benefits", in each national monograph).
INSURANCE AGAINST SHORT-TERM CONTINGENCIES

As was pointed out in the preceding chapter, the problem of checking claims to benefit arises in somewhat different forms under insurance against short-term and long-term contingencies. In the case of short-term contingencies the benefit usually has to be granted immediately, and special legal documents cannot be required or examined. The main tasks here are to establish the identity of the claimant as a registered insured person (or his connection with such person) and secondly to make sure—if the relevant Act or regulations so require—that the insured person has completed the prescribed minimum period of contribution (one, two or six months for example), which will in most cases be covered by the period of service with his last employer. In fact, the essential problem is to find the means of reducing the risk of fraud or abuse to a minimum.

The benefits referred to in this section are benefits in kind granted in case of sickness, maternity or industrial accident, and cash allowances payable during temporary incapacity for work due to sickness or accident, or during prenatal and postnatal rest.

Before going into detail, two principles should be stated: the measures adopted to prevent or eliminate fraud and abuse must not result in unnecessary inconvenience for the mass of the insured population nor offend claimants for benefit; and the direct and indirect cost of such measures should not exceed the losses that would result from the frauds they are designed to prevent.

Naturally there will be differences in the handling of applications for benefit according to the system of medical care applied—i.e., whether medical practitioners are freely chosen by insured persons and attend to them in private consultation, or whether the insurance institution has its own medical officers and establishments. In the present study more attention is paid to the latter method. Despite some differences, however, most of the basic problems are identical or similar and the following paragraphs will not be devoid of interest for institutions that do not have their own medical officers.

In order to simplify the present analysis, reference is made
as a rule to the commonest risk, namely sickness. However, the remarks apply also to maternity and industrial accidents, and certain characteristics of these latter contingencies that involve considerable divergence in procedure are separately mentioned.

**Normal Handling of Applications for Medical Care**

Let us now follow an application from its submission, through the procedure of checking, and to the payment of the benefit. It will be best to take the case of an application for medical care made by the insured person himself. The procedure varies very widely according to the administrative and medical organisation of the scheme. However, the most usual features of existing practice with the principal variants, are as follows:

The insured person first applies in person to a special section responsible for reception and identification, which should be in immediate proximity to the medical services. The applicant will bring with him the special identity document issued to him by the insurance institution when he was registered or, if necessary, his civil identity card, disk, or the like. The advisability and efficiency of using fingerprints as an additional means of identification have already been questioned in a previous chapter; but in case of doubt, supposing the applicant can write his name, a simple check consists in requiring him to sign some document on the spot and comparing it with the specimen in the identity document he has presented.

Once it has been proved that the applicant is a registered insured person, it must also be checked that he is up to date with his contributions. For this purpose it is common practice to require the sick insured person to present an "employer's certificate of sickness" together with the above-mentioned identity documents, in which the employer certifies that the claimant is his employee. It is also advisable for this certificate to specify the last date of payment of contributions and the period covered by the last contribution roll remitted to the insurance institution and including the employee concerned. For obvious reasons the validity of the employer's

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1 For the case of applicants for medical care not in covered employment, see below.
certificate of sickness must be limited to a very short period—not more than a few days from the date of signature by the employer.

Under the stamp system, completion of the qualifying period can be checked immediately on submission of the stamp book. Under the payroll system, an insurance book containing particulars of the date of entering and leaving employment with various undertakings is of similar value; in these cases the record of entry into the service of the last employer may be supplemented by the employer's certificate of sickness.

The service responsible for identifying applicants for medical care generally accepts the employer's certificate and if necessary checks—by referring to the basic or auxiliary register of employers—whether the employer is duly registered. Only in case of doubt will reference be made to the individual record or payroll if these documents are available without unreasonable delay.¹

Before going further it will be best to interpose a few remarks on a document that is essential not only from the medical point of view but also from that of identification. This is the medical case history started when an insured person applies for the first time for care from the social insurance medical service; it includes all the medical information (date of attention, diagnosis, prescriptions, laboratory examinations, treatment, etc.) regarding each sickness that the insured person has suffered and for which he has received medical benefit from the institution.

The identification service will have a complete register of all medical case histories. The applicant will of course be asked whether he has had treatment before, and in any case it will be ascertained whether he has a medical case history; this fact, and the number of the case history if it is different from the insured person's registration number, will be noted on the written order issued to the applicant on completion of the checking process described above. The insured person then goes on to the internal medical services to await his turn for attention.

Of course the identification service, which has to act

¹ As regards the subsequent handling of employers' certificates and their use as a supplementary means of supervising employers, see above, p. 40.
rapidly in the insured person's own interest, will not be able to avoid all types of fraud in every case, including the subsequent fraudulent use by one person of a pass made out for another. The institution must be able to count on the help, in this regard, of the medical officers and their assistants. If the insured person for whom a sick man tries to pass himself off, already has a medical case history—which will be the case in the large majority of instances—the data it contains will help to enable the doctor to discover any fraud. When an insured person is applying for medical care for the first time the medical officer or his assistant should ask, if there is any doubt, to see the sick person's identity documents.

Hitherto, only the case of insured persons in covered employment who themselves apply to the medical services has been considered. Two variants of this situation can be mentioned here. First of all, if the state of the sick person makes treatment in a consulting room or at an out-patients' department impossible, a relative or fellow worker will go to the identification office with all the sick person's documents and ask in his name for a written order authorising treatment at home. The second variant is the case of a worker who, although not in covered employment, is still entitled to medical care; here it will be for the administrative services of the institution, instead of the employer, to issue a certificate of sickness marked with the data attesting the applicant's right to benefit, which may be extracted from his individual record or from the payrolls. In other respects neither of these cases involves any special features as regards subsequent procedure.

After the first consultation, if further attention or treatment is required the date and time for this will be notified to the insured person. He will not be required to go through the checking procedures again, but need only present himself as instructed with the certificate issued by the medical service. However, if continuance of the treatment already started depends on further contributions, a check may be required to ascertain whether these have been paid.

As regards the grant of cash benefits, it should be borne in mind that this is always preceded by at least one medical consultation and frequently by a waiting period of from three or four days to a fortnight; the interval between the first consultation and payment of the first instalment of the allow-
 ance will leave time enough to clear up the insured person's situation if there is any doubt regarding his right to receive cash benefit. A few words should be added here on the subject of the amount of such benefit.

Under a stamp system the allowance will be paid on the basis of the stamps affixed to the insured person's book. If contributions are collected by the payroll system, payment of benefit will be made on the basis of the individual record, if it exists and is available, or by direct reference to the payrolls themselves. It should be remembered in this connection that even institutions with a centralised structure usually require an additional copy of payrolls to be sent to them for use by the local agencies, which play a direct part in the administration of sickness insurance.

Some institutions fill in the gaps due to payrolls that have not been sent in by employers with information obtained by their inspectors. An additional means, which will enable this work by the inspectors to be limited to cases of excessive delay, consists in having the relevant Act or regulations provide that the wages taken as a basis for calculating cash benefits shall exclude those applying to the last collection period, for instance; if this is the rule, the amount of the benefit can be calculated in the great majority of cases by reference to documents already available at the institution. Once the first stage in the life of the insurance institution has been completed the simplest course will be to accept as reliable the wages stated in the employer's certificate of sickness; a check may be made subsequently and the employer rendered responsible for any surplus allowance paid.

Special Cases and Considerations

There are usually special regulations to cover emergency cases in which medical care cannot be postponed. In such cases, all that will be required of the sick person (claiming to be an insured person) is production of any documents which he may happen to have with him; indeed, in the last resort all documents may be dispensed with and reliance placed on verbal statements alone. Once first aid has been given—this will often involve admitting the sick person to hospital—a period of 24 hours, for instance, is allowed in which he (or
others acting on his behalf) may establish his status as an insured person entitled to benefit; if this can be done, the treatment will be continued; if not, refund of expenses is required.

As regards benefit in case of industrial accident, it should be remembered that most schemes do not require completion of any qualifying period before benefit may be paid. Usually a declaration by the employer regarding the accident is accepted as evidence; in case of doubt, the institution's inspectors will make inquiries at a later stage.

In places where an insurance institution has several medical establishments, there is some danger of fraudulent duplication of benefits in kind and particularly of prescriptions. The danger is not great if the additional establishments are of an auxiliary character (posts for first aid, injections or certain treatments only), for in this case they will not make out separate case histories but will report all benefits to the central establishment for entry in the appropriate case history files. If, on the other hand, there are several establishments where complete medical attention is given, appropriate precautions must be taken, such as the allocation of a specific group of insured persons to each establishment and transfer of the case history if an insured person changes from one establishment to another.

In case of sickness of a family member it will be advisable to require production of an employer's certificate if possible, to which particulars regarding the sick person himself must be added. Here again, the medical case history will be an excellent aid to identification. For this purpose, the case histories of all members of a given family should be collected in a single file, and the particulars of the dependants should figure also in the case history of the insured person himself.

For the rest, it should be remembered that benefit under family insurance is in kind only, and that the right thereto is as a rule automatically acquired when the insured person himself has qualified for it. This certainly simplifies the problem.

**Insurance against Long-Term Contingencies**

In insurance against long-term contingencies, the fundamental problem is to keep an individual record on the basis

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1 As regards the special problems of identification arising in family sickness insurance, see above, p. 15.
of which the period of contribution and the insurable wage can be easily ascertained and the pension rapidly and correctly paid.

The long-term benefits involved in the discussion that follows comprise those granted in case of invalidity, old age and death of breadwinner.\(^1\)

Due identification of the applicant for benefit can always be guaranteed in normal circumstances, since the institution can take such action as may be necessary to clear up doubtful points, more particularly by requiring submission of any document or evidence it considers appropriate in addition to the usual means of identification and the birth, baptism or marriage certificates, etc.

It then remains to prove that the insured person has completed the prescribed qualifying period and to calculate the amount of the benefit. This generally depends to some extent on the time during which contributions have been paid and on the insurable wages received during the whole or part of such time. These two tasks can be performed by reference to the insured person’s individual record; the data found there may be supplemented if necessary by a certificate from the employer or by information obtained from direct inspection regarding the contributions that he has not yet remitted. The insurance book and employers’ notifications of the dates of entering and leaving their service will also be of the greatest importance for control purposes.

Stress must be laid on the principle that it is for the insurance institution to check the periods of contribution and the insurable wages, and that it cannot require the claimant to state these or similar data in his application. The same, of course, holds good \textit{a fortiori} in the case of applications for payment of benefit after the death of the insured person himself.

\(^1\) The procedures described are also applicable to lump sums paid to reimburse expenses incurred for the funeral of an insured person and those payable to survivors.
CHAPTER VI

STATISTICS

If a social insurance institution is appropriately organised, statistics of insured persons, employers, collection of contributions and benefits can be produced as a by-product of its daily work—in some cases with the aid of additional arrangements that will not greatly add to the cost of routine operations. The present chapter attempts to show by means of examples related to the subjects already discussed how this aim can be achieved; it is not intended to draft a general plan of social insurance statistics, for which a much more detailed and extensive study would be required.

While one of the aims of these statistics is to provide information of a general character, the other is clearly and undeniably technical—to serve the actuary, the doctor and the economist in their work in connection with social insurance. For these experts, and for the administrative official, statistics are a means of checking, of discovering anomalies in the development of the institution and of making corrections and adjustments—in the actuarial bases of the scheme, in the organisation of medical and other technical services, or in administrative organisation—and subsequently of supervising the effect of any remedial action taken. Comparative analysis is an element of great importance in this process: sometimes a statistical fact must be viewed in the light of a chronological series of data; in other cases it must be compared with those concerning the same phenomenon but obtained from other sources.

As regards the purely informative function of statistics it will be difficult to distinguish between the interest they may present for public authorities in general—since social insurance is one of the basic elements of national social and economic policy—and the use that may be made of them in administering a social insurance scheme. It will be enough to mention that statistics of this type include: classification of industrial and
commercial undertakings by area and type of business; changes in the numbers of persons employed in each such class and in their wages; and figures indicating the structure of the gainfully occupied insured population (as regards occupation, sex and age), the incidence of sickness and employment injury, the numbers of persons receiving benefit classified by contingency, etc.

Statistics of Insured Persons

Numbers Entering and Leaving Employment

If insured persons' registration numbers are coded to represent various data (such as sex, age, etc.), not only will the internal administrative processes of the institution be aided but the task of compiling statistics will be greatly simplified, since it will be enough to consult the appropriate register where the insured persons may be grouped according to the different classes to which the code elements refer. When punched cards are used to constitute, or reproduce mechanically, indexes of insured persons, statistics can be extracted automatically under different headings, the only limitation being the number of particulars that have been recorded upon registration.

If the institution registers the numbers of insured persons entering and leaving employment on the basis of payrolls and special notifications, corresponding statistics may be produced showing the length of payment and of interruption of contributions, causes of terminating employment, etc., and all these data may be classified by type of economic activity, sex and age of workers, and the like.

Insured Persons in Covered Employment

In addition to these "dynamic" statistics of the movements of insured persons it is useful to establish classifications of insured persons in covered employment at any given moment by sex, age, economic activity, geographical area and insurable wages. If the individual records are made up with the aid of punched cards, such classifications can be produced automatically; and, where annual summary cards are used, additional information can be extracted regarding the "density" of
contributions in the year and the average number of insured persons exposed to risk—all of which data are of undoubted value to the social insurance actuary.

If the punched cards used for individual record purposes are to provide all the classifications required without excessive work, the registration numbers of insured persons and employers must be appropriately coded. Otherwise it will be necessary to use, for the internal purposes of the institution, code numbers supplementing the actual registration numbers.

The classifications so obtained are a kind of "internal census" of insured persons in covered employment: but two factors that differentiate them from ordinary census operations must be borne in mind. In view of the irregularity of the remittance of payrolls (assuming that the payroll system of contribution is used), the individual accounts of insured persons as they stand at a given moment will not all relate to one and the same period of contribution. To overcome this difficulty, a specific contribution period is taken as the period of reference: as the various employers pay the contributions for this reference period, the "paid-up" cards are separated from the remainder; when this remainder of employers and insured persons still in arrears is negligible, the collection of data will be halted, a correction coefficient being applied to the results in order to allow for the remainder if desired.

A second difficulty is that, whereas a census proper relates to a certain day, these statistics relate to a period, usually a month. There will be insured persons who worked for only a part of the period; others will have worked in succession for two or more employers and consequently count as several statistical units; and there will also be insured persons working for several employers at the same time. These factors of disturbance may be corrected after appropriate investigation, although in many of the statistics their effect will be negligible.

If one of the methods of direct transfer has been adopted for the individuals records, the cards making up these records (or the "master cards") will serve as a source for similar statistics. Naturally it will not be wise to rearrange the individual record cards themselves: as a rule, the data required will be reproduced on specially punched copies. By reason

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1 See above, p. 60.
of the great volume of the cards, some institutions successfully apply a sample method, choosing a representative sub-group for the statistical operations.

The situation is rather different if collection is done by means of insurance stamps. Individual statistics can then only be obtained after the stamp books have been exchanged, and the summaries of the books that many institutions make—and often transfer onto punched cards—are useful for this purpose. It is possible to obtain immediately statistics giving classification by sex, age, wage class, number of contributions in a year, place of work and employer's business.

General Registration

When all insured persons are to be registered or re-registered this operation is usually combined with a comprehensive statistical investigation aimed at obtaining the data required for the financial and actuarial control of the scheme. Sometimes the statistical object is the principal one, in which case the registration becomes a real census of insured persons. In any circumstances it is indispensable when planning a general registration or re-registration, to prepare in advance a complete plan of the statistical tables which it is intended to obtain and of internal procedures—co-ordinated with the normal work of registration—to facilitate the compilation of the relevant figures.

Registration for Family Insurance

When the scheme includes family insurance (sickness and maternity), the registration of family members must be accompanied by compilation of certain statistics, the material for which can easily be obtained from the registration forms. For the medical services it will be important to know the absolute numbers of persons registered, classified by relationship, sex and age. A figure of actuarial interest will be the average age of wives in relation to that of their husbands.

Nevertheless, the current registration of individual family members should not be over-estimated as a source of statistical information. Many families will not register at all, or

1 See above, p. 14.
only to the extent required in order to obtain some benefit. Only the general, simultaneous registration of all members of insured persons' families can provide complete data regarding the composition of families—average number of family members per insured person, classification of children by their own age and that of the father, probability of marriage in relation to age, etc.

Statistics of Employers and of Contributions Collected

Naturally, those who administer a social insurance institution will periodically need to see the statistics of employing establishments (registration of new establishments, re-registration of those which had suspended operation, deletion of those suspending operation or going out of business) with the numbers of workers concerned and the appropriate classification by area and type of business. All this is easy to obtain from the employers' registration forms and other notifications.

The remaining statistics of major importance relate to the collection of contributions when this is done by means of the payroll system.¹

From the basic employers' register it is at any time possible to obtain statistics of the employers registered as "active", classified by area and type of business, with the numbers of employees and the total wages in any wage class as indicated by the last payrolls received. Another useful classification is that showing the number of employees by area and type of business. Compilation of such statistics is facilitated if each employer's registration number includes figures representing the area and type of business, since in that case the numerical arrangement of the card index actually provides a classification according to these two criteria.²

The basic figures regarding contributions collected (number of payrolls received in each month, corresponding number of insured workers and total contributions or insurable wages)

¹ The following remarks apply also to a large extent to the "mixed" stamp system under which, on each periodical purchase of stamps by an employer, a summarised payroll is remitted or the total data are entered in the employer's basic register.

² See above, p. 25.
can be obtained from the daily control sheets showing all pay-
rolls received, from the control summaries made when the data
are transferred to the individual records 1, or by other simple
means.

However, the above-mentioned statistics have another
defect already mentioned: the data (numbers of insured persons
and total wages, for instance) do not refer to a certain date or
period. Let it be supposed, for simplicity, that the payrolls
are remitted monthly: most of those coming in during a month
do in fact relate to the preceding month, but there will be an
appreciable proportion which relate to earlier months. There
are employers who fail to send in any payroll or contributions
during a whole month and others who send several at a time
so that the data extracted from all payrolls received during a
given month do not necessarily reflect the real state of affairs
at that time.

Statistics that are free from this defect and are both
more detailed and more complete may be obtained by means
of the master index of "dynamic" punched cards 2 or by means
of an appropriate system of summary cards punched for each
payroll as it comes in. The grouping of payroll figures according
to the contribution periods to which the payrolls effectively
relate (supposing once more that the period is a month) results
in progressive indication of the number of employing establish-
ments really active in each month, the corresponding number
of insured persons contributing, their total insurable wages
and consequently the average insurable wage per person, with a
breakdown by area and type of business if desired. Naturally
the figures for a given month will not be regarded as complete
until the end of a certain period, when the number of payrolls
in arrears for that particular month and the corresponding
numbers of insured persons have become negligible. 3 Normally,
satisfactory results can be obtained after five or six
months.

While an "internal census" of insured persons will take
place only occasionally—for the purposes of an accurate actua-
rial estimate, for instance—these over-all statistics of em-

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1 See above, p. 63.
2 See above, p. 30.
3 See above, p. 80, regarding the possible use of a correction
coefficient.
ployers and insured persons may be compiled progressively, month by month; in this way the institution will be able to appreciate its real development in the course of time, its seasonal fluctuations, and any variations due to economic prosperity or depression, whether these occur in one or more areas and branches of industry or throughout the country and its whole economy.

To avoid erroneous interpretation it should be pointed out again that the total of all insured persons figuring in the payrolls of a given month is not necessarily equal to the number of insured persons in covered employment: indeed, in some occupations and industries with a rapid labour turnover (the building industry, for instance) the difference may be great. Another fact to be borne in mind is the variation in the number of working days per month; this produces variations in the monthly earnings of workers paid by the working day.

**Statistics of Benefits**

*Short-Term Insurance*

The commonest and most direct statistics are those derived from the reports that medical officers or practitioners and the heads of the various medical services (out-patient centres, hospitals, laboratories, pharmacies, etc.) are usually required to make every day, week or month. From these reports it is possible to show, for a specified period such as the month, the numbers of the various kinds of consultations, treatments, etc., that have been given, classified by type of insurance (sickness, maternity, employment injury), by sex if desired and (in the case of family insurance) according to the status of the beneficiary. If the doctor can also be induced to differentiate between the first consultation for a given case of sickness, maternity etc., and subsequent consultations, the results will be very useful. Furthermore, the periodical reports of hospitals and other establishments provide the materials for statistics showing increases, decreases and total numbers of insured persons hospitalised in each period.

If an institution has contracts with public or private medical

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1 It is assumed that the insurance institution has its own medical services. See above, p. 71.
establishments for the care of its insured persons, these estab­lishments should always be required to supply a minimum of statistical data; provision of this material could easily be combined with the periodical submission of their accounts.

A second and particularly well defined class of sickness insurance statistics is that which takes the completed case of sickness as the unit. Naturally it is impracticable to include all instances where a person has been slightly indisposed, or was ill for a short time only; accordingly, statistics of this kind are usually restricted to cases of sickness causing incapacity and consequently involving payment of a cash allowance—i.e., those that were under the strict supervision of the insurance institution for their whole duration. As soon as a case of sickness is terminated, the important data are extracted from the medical case history, summarised on individual statistical slips and perhaps transferred to punched cards. Here again, coded registration numbers for insured persons and employers will be most useful. With their aid it will be possible to obtain classifications by sex, age, marital status, job or occupation, insurable wage, employer’s business and area (all of which factors affect the sickness rate), as well as classification by diagnosis and outcome. It will also be possible to calculate the average duration of each case of sickness, classified by diagnosis, sex and age, and the average number of consultations, treatments, etc., to which it gives rise. Finally, it will be important to know the breakdown by duration of incapacity allowance, with the average duration by sex and perhaps also by age group.

_Pension Insurance and Death Benefits_

Statistics on pension insurance and death benefits are easy to obtain. A file exists for each case, and nearly always a control sheet of some kind will be indexed, with perhaps a punched card also. These latter will serve for the compilation of lists of pensions and monthly orders for their payment; if the cards are appropriately designed, they can produce mechanically most of the statistics mentioned below.

These statistics will include, primarily, the number and amount of pensions, classified by types of benefit—invalidity, old-age, widows’ and orphans’, employment injury (with a further classification by degree of incapacity). The number and amount of pensions in course of payment at the beginning
of the period (month or year, for instance) will be indicated, together with the number and amount of new pensions granted and of pensions expiring during the period (classified if possible by cause of expiry) and lastly the number and amount of pensions payable at the close of the period.

Invalidity pensions should be classified by cause of invalidity, sex, age and, if required, by occupation, area, employer's business and period of membership. Death benefits will be similarly classified on the basis of particulars relating to the deceased person.

Classification of current pensions by age and sex of beneficiaries will enable the actuaries to calculate the present value. As regards death benefits, the actuaries will also wish to have statistics showing the relationship between the age of the deceased insured person, the age of his wife and children receiving benefit, and the number of such children.

**RELATIONSHIP BETWEEN STATISTICS AND ACCOUNTING**

Although it is not intended to deal with social insurance accounting in the present study, this chapter would not be complete if accounts were not considered at least from the statistical point of view.

In the section on statistics of contributions collected, reference was made primarily to numbers of employers and insured persons and amount of insurable wages. The institution's accounts will not only give additional data on the amounts received in the different classes of contributions; they also make it possible to compare these amounts with the total income of the institution.

Similarly, as regards benefits, the accounts have to show the cost of the various types of benefit and, if taken together with the statistics mentioned above, they will make it possible to calculate the average cost of such items as a medical consultation, a prescription, a case of hospitalisation, etc., with a breakdown by areas if desired. Only in this way will it be possible to analyse the costs of sickness and maternity insurance. The accounts are thus a direct, essential source of statistics if adequately organised in accordance with the special needs of social insurance.
Approaches to Social Security
An International Survey

Studies and Reports, Series M (Social Insurance), No. 18
(Fifth Impression)

This study, first published in 1942, has again been reprinted in response to a persistent demand. Its purpose is to trace the evolution of social assistance and social insurance until they converge in an integrated conception of a comprehensive social security system.

The subject is treated under three headings: the social assistance approach; the social insurance approach; social security systems.

The study is highly condensed and only schemes which had proved their practicability are mentioned. As a result of this simplification, the book presents a very clear picture of the background against which the rapid development of social security has taken place during the last ten years.

100 pages  Price: 50 cents; 2s. 6d.

Post-War Trends in Social Security
Reprinted from the International Labour Review, Vol. LIX, No. 6, June 1949, and Vol. LX, Nos. 1-3, July-September 1949 (Second Impression)

This article has also been reprinted to supplement and bring up to date Approaches to Social Security. The article is divided into two parts. The first part deals with income security with special reference to the classes of persons protected, the range and definition of the contingencies covered, adequacy of protection, administration and the financing of social security. The second part is devoted to the organisation of medical care in relation to the scope of medical protection, the range of medical care, rational organisation and co-ordination with general health services, the quality and availability of medical care, problems of administration and costs.

83 pages  Price: 25 cents; 1s. 6d.
Publications of the International Labour Office

Systems of Social Security

New Zealand

The first of a series of handbooks on national systems of social security prepared by governments according to a plan drafted by the International Labour Office, this study describes the structure of the New Zealand scheme, which provides for benefits in respect of maternity, child maintenance, conditions requiring medical care, maintenance of community health, incapacity for work, unemployment, old age, death of the breadwinner, and other contingencies.

67 pages  Price: 40 cents; 2s.

United States

The second of the series, this study includes complete descriptions of the basic national system of old-age and survivors' insurance, the federal-state and the state-local programme of public assistance, the state systems of unemployment insurance and temporary disability insurance, the federal and state workmen's compensation programme, and the special social insurance programme for railroad workers. Reference is made to various related public programmes which provide services rather than cash benefits—i.e., the programmes administered at the federal level by the Children's Bureau, the public health programmes administered by all levels of government and the vocational rehabilitation and employment services.

106 pages  Price: 75 cents; 4s. 6d.